strike

ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2023

Strike is a leading Western Australian energy business, integrating the substantial natural gas resources and the world class renewable energy potential of the Perth Basin region, to pave the way to a lower carbon future.

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Important Notices

Precinct Development
The proposed Precinct development, including siting Project Haber within the Precinct area, will be contingent on, among other things, successfully re-zoning the land for the intended renewable and industrial uses and obtaining all other required regulatory approvals, licences and authorisations.

Project Haber
The successful development of Project Haber is contingent on, among other things, the outcomes of FEED on Project Haber, the proving up of sufficient gas reserves at South Erregulla, access to finance and (where required) equity participation, finalising urea offtake agreements, and obtaining all requisite regulatory and stakeholder permits, approvals and authorisations. The concept, feasibility and pre-FEED studies prepared by TechnipFMC on Project Haber to date (as referenced in ASX announcement dated 15th December 2021 titled Project Haber Update) have been undertaken to determine the potential viability of Project Haber and to reach a decision to proceed with more definitive studies, and as such are indicative in nature only. The studies are based on low-level technical and economic assessments and are insufficient to provide full assurance of an economic development case at this stage or provide certainty that the conclusions of the studies will be realised and that the development of Project Haber will be commercially viable.

Future Statements
Statements contained in this Report are or may be forward looking statements. All statements in this Report regarding the outcomes of preliminary and definitive feasibility studies, projections and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Strike. Actual results, performance, actions and developments of Strike may differ materially from those expressed or implied by the forward-looking statements in this Report. Such forward-looking statements speak only as of the date of this Report. Refer to the 'Operating and Financial Review' section of the Directors' Report for a summary of certain general and Strike specific risk factors that may affect Strike. There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the aforementioned risk factors. Investors should consider the forward looking statements contained in this Report in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Strike and any of its affiliates and their directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this document to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of Strike since the date of this Report.

ABOUT STRIKE

Strike Energy Limited (ASX:STX) is an ASX-listed Western Australian energy business aspiring to be Australia's lowest cost onshore energy producer. Strike is a leading Australian independent explorer and gas developer focused on its large and high-quality conventional gas resources in the Perth Basin. Our primary objective is to provide sustainable, low-cost, and reliable gas to the domestic market in order to support the WA energy transition away from coal fired power and enable the growth of the critical minerals industry.

Strike was incorporated in 1997 and listed on the ASX in 2004. Strike has recently evolved into a trailblazer in the Australian energy landscape, focused on creating value for our shareholders and the community through our Perth Basin assets. Through strategic partnerships, cutting-edge technology, and a dedicated team of industry experts, we aim to achieve remarkable outcomes in even the most challenging geological and logistical settings.

ABOUT THIS REPORT

This 2023 Annual Report is a summary of Strike's operations, activities and financial position for the 12-month period ended 30 June 2023. In this report, unless otherwise stated, references to 'Strike', the 'company', 'we', 'us' and 'our' refer to Strike Energy Limited and its subsidiaries. This report contains forward-looking statements. Please refer to page 1, which contains a notice in respect of these statements. All references to dollars, cents or $ in this document are to Australian currency, unless otherwise stated. Due to rounding, figures and ratios in tables and charts throughout this report may not reconcile to totals. An electronic version of this report is available on Strike's website www.strikeenergy.com.au.

The 2023 Corporate Governance Statement can be viewed on our website on the Corporate Governance page.

01
CHAIRMAN'S LETTER

Dear Shareholders,

I am delighted to acknowledge the Company's significant achievements over the past year.

I will leave it to our CEO and Managing Director, Stuart Nicholls, to chronicle the diverse range of activities in which Strike made its mark, whether they be in the energy market, the capital markets or in the field, but suffice to say, it has been another transformative year for us.

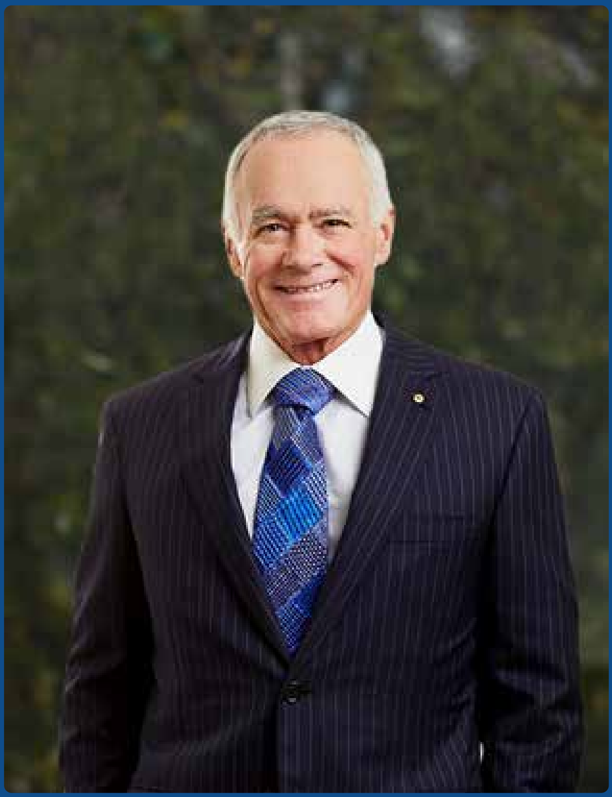
A hallmark of Strike is its ability to seize opportunities others haven't appreciated and then execute our plans expeditiously. This capability has been evident from the time we first committed scarce funds to the successful West Erregulla drilling campaign, through to the takeover of UIL Energy Limited, the South Erregulla and Walyering discoveries and to our bold Project Haber urea project.

Behind all of this activity was the ambition to be the dominant supplier of onshore gas from the Perth Basin to Western Australia's retail and industrial consumers. As Western Australia joins the world in the move away from coal-fired electricity to a lower carbon future, natural gas will remain a key energy source for an extended period. This flexible, reliable and lower carbon-intensity source of energy will compliment renewables and will also provide primary thermal and chemical feedstock.

The WA Government recognises the challenges it faces in managing a smooth transition but continues to alter domestic gas policy reactively and in ways that threaten stable future supplies.

Despite our disappointment over the recent decision to ban the export of Perth Basin gas, we continue to work collaboratively with the WA Government with the aim of creating a domestic gas market which satisfies the needs of consumers but doesn't undermine or negate the investment case for Strike and others to bring on new supply.

This year, Strike's balance sheet was bolstered by our strategic involvement in the take-over of our West Erregulla Joint Venture partner, Warrego Energy. By accepting Hancock Energy's higher and ultimately successful bid, Strike added $136 million to our cash reserves. As a result, we have entered FY24 with sufficient cash to fund our Gas Acceleration Strategy, which is an operational plan to execute a multi development drilling, seismic and construction program across our 3,000 km^2 Perth Basin acreage.



Additionally, the multiple-bidder interest in Warrego's non-operated share of West Erregulla underscores the strategic value of our assets in a world of shrinking low-cost supplies. We believe that our shareholders can take great comfort from these recent corporate activities in the Perth Basin and see them as an indication that Strike has the right commodity at the right time in the right jurisdiction.

Our financial flexibility, coupled with prudent risk management, underpins our capacity to drive sustainable growth and shareholder returns in the coming years. We continue to pursue both organic and inorganic growth opportunities that align with our strategy. This is further demonstrated by our entry into a Scheme Implementation Deed to acquire our Joint Venture partner, Talon Energy via a scheme of arrangement, as announced to the ASX on the 14th of August 2023. This acquisition is unanimously recommended by the Talon board of directors, in the absence of a superior proposal, and subject to the independent expert concluding, and continuing to conclude, that the proposed transaction is in the best interests of Talon shareholders.

Finally, and probably most exciting of all, Strike has spent much of the past year preparing for its evolution into a profitable gas and condensate producer. It is worth noting that it has been over 10 years since the last new source of gas was brought into production in WA.

This production milestone will bolster Strike's financial capability to self-fund the development of our highly attractive portfolio of Perth Basin gas fields and allow the company to continue to explore its significant exploration assets.

Sustainability is at the forefront of all our activities. Strike's ethos is to design its projects at the outset with a view to minimising emissions, rather than rely on carbon offsets after the fact to abate emissions. This is evidenced by our utilisation of the world class renewable energy sources in the Perth Basin to 100% power our facilities at the Walyering Gas Plant and our strategic acquisition of The Precinct, which will provide opportunities to further integrate renewable energy. This will minimise the carbon intensity of our projects upfront and reduce the need for carbon offsets in the future.

I want to extend my gratitude to our dedicated and passionate team, whose hard work and unwavering commitment have made the achievements over the past year possible. Together, we are poised for a future filled with opportunities and success, and I have full confidence in our ability to continue delivering on the stretch targets we set.

Sincere thanks to our shareholders, many of whom have supported Strike over an extended period. We know that there are many investment opportunities for your capital and we are grateful for your continued commitment to us.

Yours sincerely

John Poynton AO
Chair – Strike Energy Limited

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MANAGING DIRECTOR'S REPORT

Dear Shareholders,

The past year has seen Strike take significant steps towards becoming a major producer in the Western Australian energy market. Our strategic entry into Western Australia in 2018 has seen us become the largest natural gas reserve and resource holder in the high-profile Perth Basin, which is being recognised by the Government and regulators as a critical piece of Western Australia's energy market from now and into the future.

Over the year we saw drastic changes in domestic gas market conditions, which continue to tighten as demand rises against a backdrop of reduced reliability of supply. The Australian Energy Market Operator (AEMO), along with research houses Rystad and Wood Mackenzie, have recognised that the Perth Basin is likely to be the major source of future gas supplies into the Western Australian market. This market dynamic has provided us with an excellent opportunity to leverage our substantial reserves position in the Perth Basin and create near term value for our shareholders and the community.

We plan to achieve this through our government endorsed Gas Acceleration Strategy, which looks to fast track the exploitation of our existing reserves and the proving up of additional reserves across our Perth Basin assets, which include Greater Erregulla, Walyering and Ocean Hill. This strategy will enable us to provide sustainable, low-cost, and reliable gas supply to the domestic market to support the Western Australian energy transition away from coal fired power and to facilitate the growth of the critical minerals industry.

To facilitate this strategic direction, the Board of Directors determined to re-sequence the Company's downstream vertical integration ambitions with the Company's less capital intensive upstream domestic gas development projects that will provide a more immediate return on capital. To accommodate this attractive opportunity, Project Haber has been deferred to the latter part of the decade save for environmental approvals and other long lead item planning which will continue to be progressed.

Health, Safety, Environment, Community and People

I am glad to share that we did not register any lost time injuries during the past reporting year. The Strike team

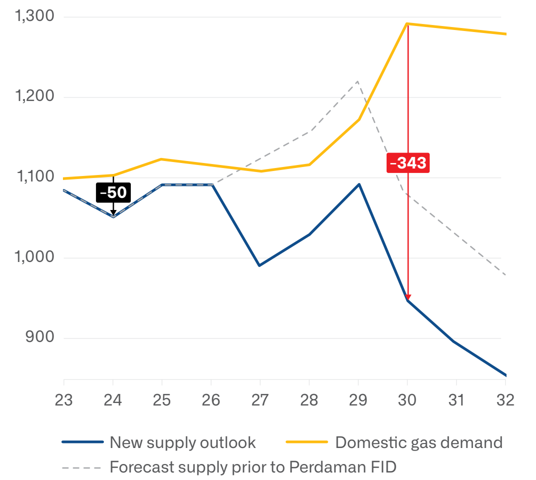
accomplished three months of construction at the Walyering Gas Processing Facility, along with three flow tests and two well re-entry and completions, for a total of 155,794 exposure hours, with no lost time injuries. This underscores our team's strong commitment to safety, and reflects our Company's focus on the integrity of our safety systems.

At Strike, we pride ourselves on championing sustainability and the environment. This is evidenced by the design of the Walyering gas facility, which is powered 100% by solar and batteries, making modelled Scope 1 emissions of the project some of the lowest in Western Australia. We plan to continue to incorporate renewable energy into our future projects, which will help us to achieve our goal of being carbon neutral by 2030.

Strike is proud of, and committed to, working closely with the communities in the Mid West region of Western Australia in which we operate. Our community consultation, engagement and investment programs across the region, provide us with an excellent opportunity to connect with the people impacted most by our operations. I would like to thank those who take the time to engage with us whilst we work together towards providing a cleaner energy future.

AEMO Base scenario WA gas market balance (TJ/d)

(removal of Perdaman - Scarborough supply of 130 TJ/dfrom 2017)



Max monthly WA spot gas price (S/GJ)

Compiled using information from GasTrading Spot Market – Forecast v Actual: http://www.gastrading.com.au/spot-market/historical-prices-and-volume

To enable and support Strike's growth, we moved into our new offices at 40 Kings Park Rd, providing us with a new remote operations centre to control our production facilities and the space and resources required to continue our growth trajectory as a company. Our employee turnover rate of 2%, despite a period of high turnover across the industry due to demand, is a testament to our unique and progressive culture. In May, we also welcomed ex-Woodside Senior Vice President, Jill Hoffmann, to the Strike Board. Her experience in the Western Australian energy markets has been immensely appreciated already, and we look forward to working together going forward.

Asset and Project Overview

FY23 saw Strike achieve major milestones across our Perth Basin assets.

At Walyering, we took our first investment decision, were granted our first Production Licence (L23), secured a binding gas supply agreement for a gross 36.5 PJ of gas over five years to Santos WA Limited, and neared completion of our 33 TJ/d gas processing facility, which will enable us to complete our journey from explorer to producer. Post the reporting period, the Walyering Joint Venture agreed to drill the Walyering 7 appraisal well which will look to convert up to 19 PJe (net to Strike) of 2C Contingent Resources to Reserves[1].

At Greater Erregulla, we certified our maiden gas 2P Reserves at South Erregulla of 128 PJ, along with 271 PJ of 2C Contingent Resources[2], 100% owned by Strike. Whilst drilling South Erregulla-1, Strike appraised the Jurassic aged sandstones of the Cattamarra Coal Measures for their suitability and potential use as a future carbon sequestration and underground storage formation, which culminated in RISC independently assessing a gross 2C Contingent CO_2 Storage Resource in these Jurassic reservoirs of 4.80 million tonnes of CO_2.[3]

In February, Strike entered a drilling agreement with Ensign and a rig sharing agreement with Mineral Resources that saw us commit to 2 firm well slots

1 Conversion of Resources to Reserves is subject to appraisal drilling results. Neither the conversion nor the rate of conversion is guaranteed.

2 Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

3 Refer to footnote 2. Strike is yet to secure tenure via a Greenhouse Gas Title over EP503 to appraise the storage resource. As such, Strike currently has no net entitlement to the assessed storage resource.

and secure 4 option well slots over the FY24/25 period with Ensign Rig 970. Post year end, we received handover of the rig and have spudded the first of 2 appraisal wells at South Erregulla with the intention of converting up to 178 PJ of 2C Contingent Resources in the Kingia Sandstone to Reserves.[4]

We have also had positive engagement with our new EP469 Joint Venture partner in preparation for the 2-near field exploration wells close to West Erregulla; Southwest Erregulla-1 and Erregulla Deep-1, which have now been approved and will come onto the rig schedule in CY24.

At the beginning of this financial year, we acquired 3,500 ha of freehold farming land in the Mid West that lies directly above our South Erregulla Gas and CO_2 storage[5] reservoirs. This piece of land will house Strike's "Mid West Low Carbon Manufacturing Precinct" (**the Precinct**) and holds strategic value for reducing the cost and carbon intensity of Strike's developments. This is a prime location for Australia's best renewable energy sources of both wind and solar.

Early in the period, Strike's Board undertook a strategic review and determined the optimal location for a domestic gas processing plant to service our Greater Erregulla portfolio of assets is at the Precinct. Phase 1 development of South Erregulla has begun, with Strike contracting globally recognised natural gas solutions business, Enerflex, to conduct engineering and provide a lump sum priced option for procurement and fabrication of the South Erregulla Phase 1 (40TJ/day) processing modules. Enerflex estimates that the modules could be fabricated and ready for shipment to Strike between 44 and 48 weeks of the orders being placed, facilitating an accelerated on-stream timeline.

Post reporting period, Strike has concluded its pre-final investment decision South Erregulla gas marketing process and commenced detailed negotiations with a major WA industrial gas user for a 20 TJ/d, five year binding gas supply agreement which we expect to finalise in the coming months.

Other exploration activities included successfully acquiring 128km of new 2D seismic over the Eneabba Deep prospect in Strike's 100% owned and operated EP 506, which, subject to results, will allow us to mature the prospect to drill ready. We also awarded two seismic campaigns to be acquired in FY24 by

[4] Refer to footnote 1.

[5] Refer to footnote 3.

Terrex; Ocean Hill 3D (EP495) and Kadathinni 2D (EP503, EP504 & EP505), both of which have the potential to unlock further resources across Strike's 100% owned and operated acreage.

Corporate

During the reporting period, we participated in an off-market takeover bid for Warrego Energy Limited, our joint venture partner in EP469 and the West Erregulla field. Also participating in the corporate activity were Beach Energy, Mineral Resources and Gina Rinehart's Hancock Energy. Strike finished its scrip offer with ~30.4% of the total Warrego shares on issue but chose to accept Hancock's offer of $0.36 per Warrego share, which saw Strike realise $136 million in proceeds. The proceeds generated were equivalent to an equity raise at approximately 40 cents[6] per Strike share, or a 16% premium to Strike's trading price at the time.

Strike also executed the facility documentation for a $153 million secured financing package with Macquarie Bank Limited on revised and improved terms[7]. This saw us finish the year with a strong liquidity position of ~$176 million ($129 million of cash and $47 million of committed, undrawn debt facilities), plus an uncommitted $80 million contingent debt facility for Strike's South Erregulla domestic gas development[8].

Conclusion

At the conclusion of another busy year at Strike we are poised for the commencement of what we see as a growing cashflow over the coming decade. Whilst never a straight line to success, Strike continues to adapt, learn and apply its resources and capabilities where we can see the fastest and highest return to our shareholders. We expect that, with every incremental project, we will deliver faster outcomes and better returns as Strike matures into a significant supplier of domestic energy.

I would like to offer my sincere thanks and appreciation to my entire team, with special thanks to the Executive team and all of our talented staff, and an acknowledgement to the Board for their ongoing support and direction.

I would also like to thank you, our shareholders, for continuing to support our evolving Company and its exciting prospects now, and over the coming years. We have a very bright future at Strike, and I look forward to continuing to deliver these critical energy projects and the prosperity that our communities, shareholders and economy will enjoy as a result.

Yours sincerely,

Stuart Nicholls
Managing Director and Chief Executive Officer

6 Based on net proceeds of $113m ($136m of proceeds from sale of Strike's 377,040,765 Warrego shares for 36 cents per share, less the total acquisition price of ~$22.3m for 93,312,610 Warrego shares) divided by the total of 283,728,155 Strike shares issued.

7 Includes an uncommitted $80 million debt facility for Strike's South Erregulla domestic gas development, contingent on lender credit approval.

8 Uncommitted facility remains subject to lender credit approval.

03
OPERATIONS AND PROJECT OVERVIEW

Strike's petroleum acreage in the onshore, northern Perth Basin has enabled us to lay claim to the basin's largest portfolio of natural gas Reserves and Resources.[9]

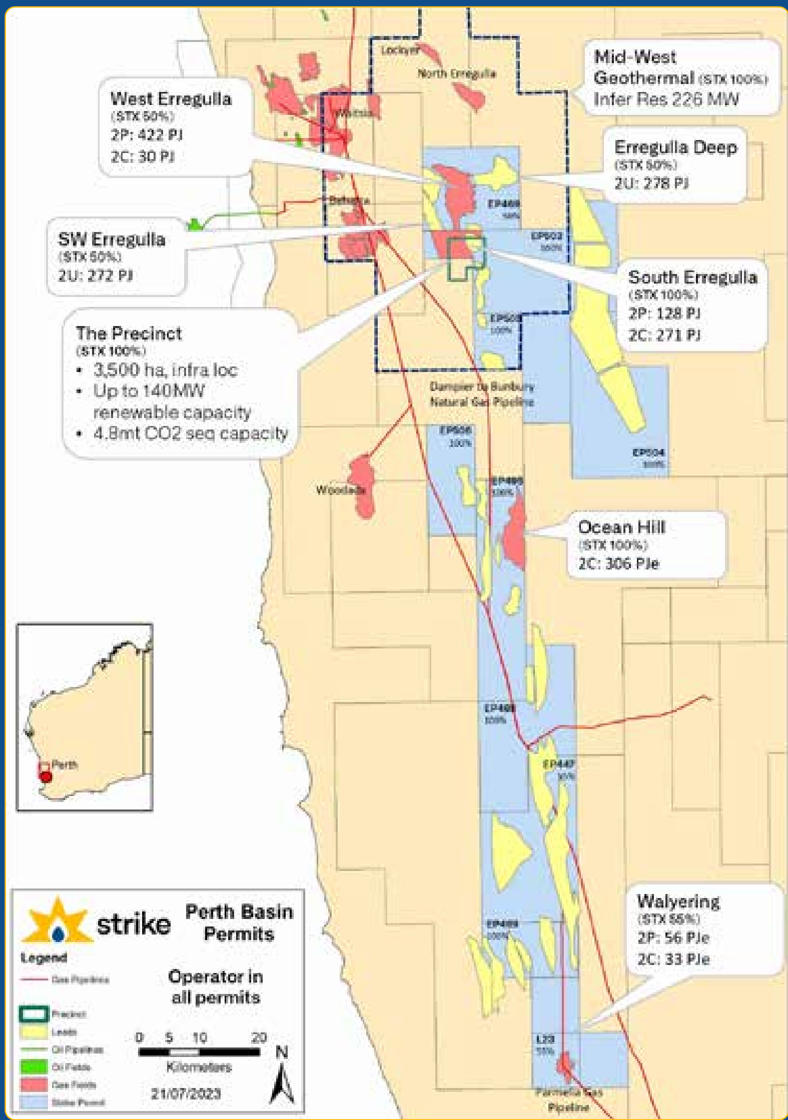
The adjacent map details our expansive acreage holding which covers both the prolific Permian gas play in the north, and the Jurassic wet-gas play in the south.

The Perth Basin stretches over 400 km from Perth to Geraldton and contains significant gas fields such as Beach Energy and Mitsui's Waitsia and Beharra Spings, and Mineral Resources' Lockyer and North Erregulla.

Strike's flagship Greater Erregulla Permian Gas fields hold the majority of our 2P Reserves (339 PJ, net to Strike), with the condensate rich Walyering Gas Field holding the remainder (31 PJe, net to Strike).[10]

Strike's Perth Basin acreage is also prospective for subsurface opportunities such as carbon capture and storage (CCS) and geothermal power generation.[11]

Complementing our vast subsurface assets, this reporting period Strike strategically acquired 3,500 hectares of freehold farming land in the Three Springs Shire[12], which sits directly above our South Erregulla field and will be home to Strike's Mid-West Low Carbon Manufacturing Precinct. The Precinct provides the opportunity to develop dedicated renewable power generation, potential for revegetation or carbon farming land, and an envelope for industrial facilities.



Note: Refer to important notices on page 36 for Resource and Reserve information.
Prospective Resource (2U) Estimate Information & Cautionary statement:
The estimated quantities of petroleum that may potentially be recovered by the application of a future exploration and development project(s) relate to undiscovered accumulations. These estimates are un-risked, probabilistically determined, and have both an associated risk of discovery (POS 42% for Erregulla Deep and 54% for Southwest Erregulla) and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

9 Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

10 Refer to footnote 9.

11 Geothermal is subject to grant of tenure and CCS investment is subject to establishment of a legislative framework for CO_2 sequestration and grant of tenure. Please see page 35 for Additional Information in respect to South Erregulla Contingent Storage Resource.

12 For more information, see ASX release from 01/09/2022 entitled "Mid West Low Carbon Manufacturing Precinct Update".

Upstream Asset: **Walyering**

FY23 Highlights

- Sanctioned 33 TJ/d gas plant
- Production Licence L23 granted
- Secured a firm gas supply agreement with Santos WA Energy Limited to supply a total of 36.5 PJ of gas
- Secured a condensate processing and off-take agreement with Santos Limited
- Construction of Walyering Gas Processing Facility near completion

FY24 Focus

- Commissioning of facility and first gas sales
- Drilling of Walyering 7 with target of proving additional reserves

Upstream Asset: **Walyering** (cont'd)

Acreage Description

The Walyering gas field sits in Production Licence L23 and is surrounded by Exploration Licence EP 447 which are operated and owned 55% by Strike Energy and 45% by Talon Energy Limited. The field is situated approximately 150 km north of Perth near the town of Cataby in the Mid West.

Asset Description

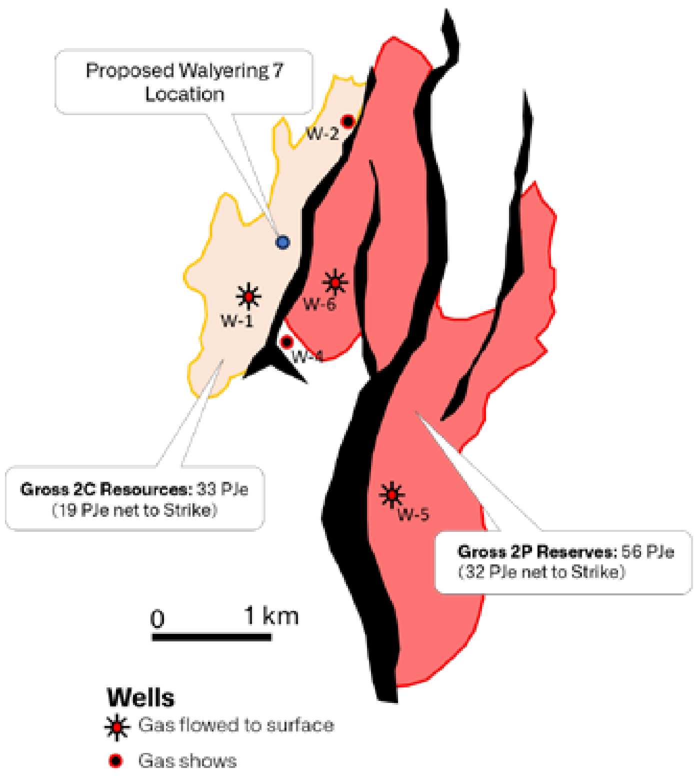
Walyering is Strike's low-cost, fast to market, maiden gas project that will transition the Company from explorer to producer.

The Walyering gas field was originally discovered in 1971 when the Walyering 1 well found 40m of low-quality Net Pay over the Jurassic aged Cadda and Cattamarra Coal Measures (CCM), which flowed at ~8 MMscf per day. Walyering 2 and 3 were drilled shortly after and found tight gas with marginal flow rates and were subsequently abandoned. The field was brought online through Walyering 1 and produced ~0.3 Bcf before being shut in.

Strike acquired the acreage in 2019 (through its acquisition of UIL Energy Limited) and shot 90 km^2 of 3D seismic over the Walyering structure. Our subsequent interpretation suggested the original Walyering wells had not been optimally located and Strike went onto drilling the Walyering 5 and 6 wells in 2021/22. Both wells were successful across several intervals and flowed at rates of 78 MMscf and 35 MMscf per day respectively.

Maiden 2P Reserves of 32 PJe (net to Strike) and 2C Contingent Resources of 19 PJe (net to Strike) were independently certified by RISC in FY22[13].

Walyering Field Schematic



[13] Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

Upstream Asset: **Walyering** (cont'd)

Development

This reporting period saw the sanctioning of the Walyering Gas Project, just 9 months from its announced discovery, demonstrating the development speed of the low-cost Jurassic wet-gas play. The facility was designed with sustainability at the forefront and is powered 100% by solar and battery, making the Scope 1 emissions modelled as some of the lowest for domestic gas in Western Australia.

In December 2022, Strike and its Joint Venture partner, Talon Energy, entered into a gas supply agreement with Santos WA Energy Limited to supply a total of 36.5 PJ of gas on a firm basis for a period of 5 years. The contract covers firm take or pay volumes as well as 'as available' gas supply, which provides flexibility to the joint venture as the field ramps up towards maximum production. The agreement is US-dollar denominated and escalated at US consumer price inflation.

Subsequently, the Joint Venture executed a condensate processing services agreement and liquids aggregation agreement with Santos Limited for the processing and sale of condensate produced from the Walyering gas field with delivery to Port Bonython. Daily production of condensate is forecast to be between 150 bbls/d and 300 bbls/d.

The construction of the production facility is well progressed with commissioning and production operations expected in Q1 FY24.

Exploration and Appraisal

The Joint Venture has agreed to drill the Walyering 7 appraisal well in the Western Compartment, which contains 34 PJe of gross 2C Contingent Resources (~19 PJe Net to Strike)[14], with the aim of proving up additional Reserves[15]. Strike is currently reprocessing the Walyering 3D to optimally locate the appraisal well, which will likely be drilled in Q3 FY24.

Proposed Scheme of Arrangement with Talon

Post the reporting period, Strike entered into a binding scheme implementation deed with Talon Energy Limited under which Strike will, subject to the satisfaction of various conditions, acquire all the issued shares in the capital of Talon by way of a scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) *(Corporations Act)* (**Scheme**)[16]. Pursuant to the Scheme, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held. In addition, Talon will demerge its Mongolian asset with the potential for its shareholders to retain an interest in the assets along with A$850,000 cash (less any costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) via a potential spin-out of those assets into a separate vehicle to be completed prior to implementation of the Scheme.

As part of the Scheme, Strike and Talon entered into a binding facility agreement pursuant to which Strike agreed to provide a A$6 million convertible financing facility to assist Talon fund its short-term working capital needs through the Scheme process. Please refer to subsequent event note in the Director's Report for the key terms and conditions relating to this facility.

This transaction is not expected to complete until December 2023 and on success would see Strike move to 100% equity in the L23/EP447 licenses and Walyering gas field.

[14] Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

[15] Refer to Footnote 14. Conversion of Resources to Reserves is subject to appraisal drilling results. Neither the conversion nor the rate of conversion is guaranteed.

[16] Refer to ASX announcement dated 14/08/2023 entitled "Strike to acquire Talon" for full details of the Scheme.

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Upstream Asset: **South Erregulla**

FY23 Highlights

- NSAI independently certified net 128 PJ of 2P Reserves and net 271 PJ of 2C Contingent Resources at South Erregulla[17]
- Secured 6 drilling slots, 2 of which will be used to appraise South Erregulla in FY24
- All environmental referrals and production licence application submitted to the regulator
- Concluded pre-FID South Erregulla gas marketing process and commenced negotiations with a major WA industrial gas user for a 20 TJ/d, 5- year binding gas supply agreement
- RISC independently certified gross 2C Contingent CO_2 Storage Resources of 4.8 million tonnes of CO_2[18]

FY24 Focus

- Drilling of South Erregulla-2 and 3 to prove additional Reserves
- Production licence granted and all approvals received
- Sanction Phase 1 40TJ/day gas development and commence fabrication and construction

[17] Refer to footnote 14.

[18] Strike is yet to secure tenure via a Greenhouse Gas Title over EP503 to appraise the storage resource. As such, Strike currently has no net entitlement to the assessed storage resource.

Upstream Asset: **South Erregulla** (cont'd)

Acreage Description

The South Erregulla field sits within EP 503, which is owned and operated 100% by Strike. It is situated approximately 350 km north of Perth near the town of Dongara in the Mid West. EP 503 sits directly adjacent to and south of Strike's 50% owned EP 469, which contains the West Erregulla gas field.

Asset Description

South Erregulla was discovered by Strike in FY22 after acquiring and interpreting the Maior 2D seismic survey and the drilling of the South Erregulla-1 exploration well. The well discovered 14m of Net Pay in the Permian aged Kingia Sandstone, as well as 4m of Net Pay in the basal Wagina Sandstone. During the reporting period, maiden 2P Reserves of net 128 PJ and 2C Contingent Resources of net 271 PJ[19] in both the Kingia and Wagina sandstones (100% Strike), were independently certified by Netherland, Sewell and Associates Inc. (NSAI).

Development

The discovery of South Erregulla together with the acquisition of the Precinct, directly above the South Erregulla gas field, caused Strike's Board to carry out a review of its development strategy for its Greater Erregulla portfolio of assets. This review focussed on ensuring that Strike's physical and financial resources are directed at where it can most efficiently and effectively develop its Greater Erregulla gas resources to generate additional early domestic gas revenues in a manner and within a timeframe that it can best control. As a result of this review, it was determined that the optimal development strategy is to locate domestic gas processing infrastructure at the Precinct. For more information, please see section "The Precinct" under Downstream Projects.

South Erregulla is a proposed three phased development project designed[20] for construction and integration on the Precinct.

Phase 1: Construction and commissioning of a 40 TJ/day modular gas plant and associated solar array.

Phase 2: Expansion of the gas plant to >80 TJ/day using additional modules (contingent on successful appraisal of the South Erregulla gas field through drilling).

Phase 3: Integrate significant renewable energy (wind), compression and carbon sequestration[21].

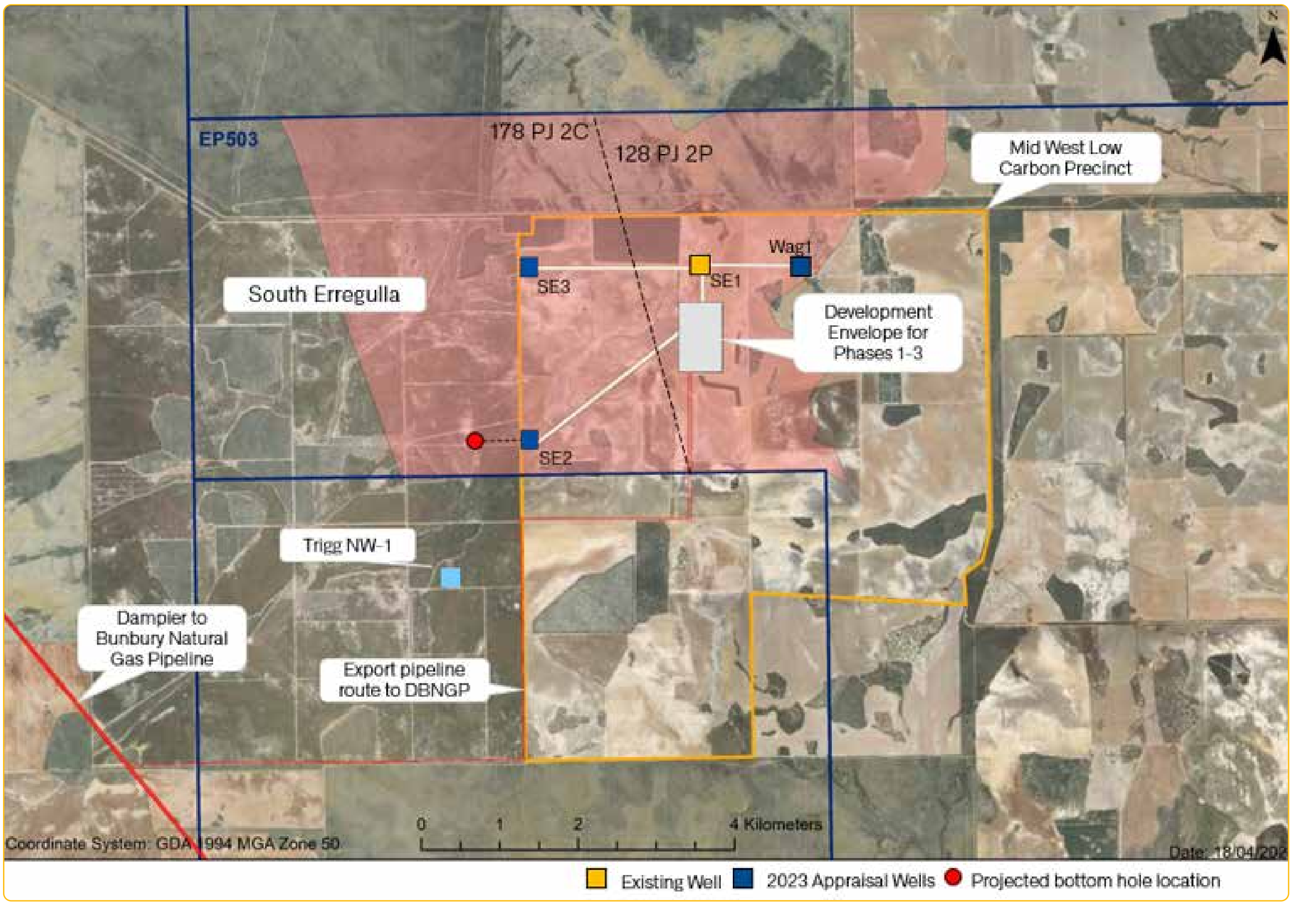
Visualisation of modular gas plant at South Erregulla with associated solar array

[19] Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

[20] Proposed development is contingent on, among other things, appraisal drilling results, outcomes of FEED, procurement of EPC contractor and project financing.

[21] Refer to footnote 18.

Upstream Asset: **South Erregulla** (cont'd)



During the period, Strike contracted globally recognised natural gas solutions business, Enerflex, to conduct engineering and provide a lump sum priced option for procurement and fabrication of the South Erregulla Phase 1 (40TJ/day) processing modules. Enerflex estimates that the modules could be fabricated and ready for shipment to Strike between 44 and 48 weeks of the orders being placed.

Strike also concluded its pre-FID South Erregulla gas marketing process and commenced detailed negotiations with a major WA industrial gas user for a 20 TJ/d, five year binding gas supply agreement.

Exploration and Appraisal

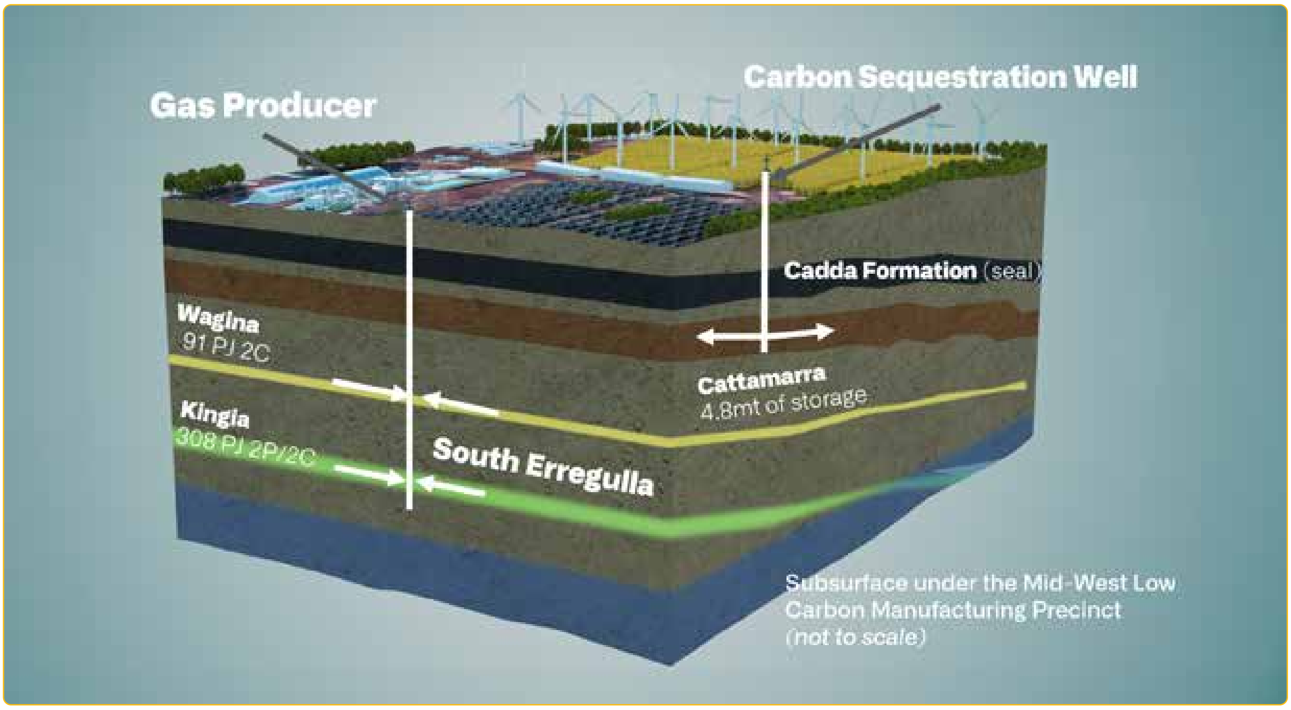
Post the end of the reporting period, Strike spudded the first of two appraisal wells in the South Erregulla field, primarily targeting the Kingia Sandstone, with the basal Wagina as a secondary target. Both appraisal wells are located in the western portion of the South Erregulla field and aim to prove additional Reserves in the Kingia Sandstone from the existing 2C Contingent Resources. Once completed, the rig will move north to the South Erregulla-3 well pad. On success, both wells will be cased and suspended as future producers.

Carbon Capture and Storage (CCS)

Along with natural gas, South Erregulla also has the geological characteristics of an excellent CCS reservoir through the Jurassic aged Cattamarra Coal Measures. Information obtained during the drilling of South Erregulla-1, along with the Maior 2D seismic survey, was used by RISC to independently certify ~4.8 million tonnes of gross contingent CO_2 storage potential[22]. For context, this would support

[22] Refer to footnote 18.

Upstream Asset: **South Erregulla** (cont'd)



the sequestration of the annual estimated scope 1 emissions from the staged deployment of up to four South Erregulla processing modules (40 TJ/d each) for over 25 years.

Western Australia is still in the process of establishing its legislative framework for CO_2 sequestration (draft legislation was released for public comment, which closed in April 2023). Once enacted, and it is unclear at this stage when that will be, Strike intends to apply for a Greenhouse Gas Title over EP503 which will provide the necessary tenure for appraisal and sequestration of CO_2. Unless and until this key contingency is met, Strike does not have legal right or entitlement to the estimated storage capacity.

As Strike looks to expand its South Erregulla gas production, this geo-sequestration asset, as part of Phase 3 for the South Erregulla development, may become critical for Strike in maintaining its commitment to being the lowest carbon intensity producer of gas in WA.

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Upstream Asset: **West Erregulla**

FY23 Highlights

- Flow testing at West Erregulla 3 achieved peak rates of 90 mmscf/d and stabilised rates of 83 mmscf/d with a high flowing well head pressure of 3,474 psi on a 68/64" choke.
- Revised Reserves and Resources certification with NSAI
- Preparation and procurement for workover of West Erregulla-4 and 5
- JV approval and rig slots secured for exploration wells Southwest Erregulla-1 and Erregulla Deep-1

FY24 Focus

- Preparation and drilling of Southwest Erregulla-1 and Erregulla Deep-1
- Incorporation of drilling results into field management plan
- Field development planning with JV partner

Upstream Asset: **West Erregulla** (cont'd)

Acreage Description

The West Erregulla field sits within EP 469 which is operated and owned 50% by Strike, and 50% by Warrego Energy. It is situated approximately 350 km north of Perth near the town of Dongara in the Mid West and immediately to the north of South Erregulla (EP 503).

Asset Description

The West Erregulla structure was originally drilled by Barrack Energy in 1990 but reached total depth above the now primary target of the Kingia Formation. Minor oil shows were encountered through the well and gas was flowed to surface at ~1.9mmscf/d from the Dongara Sandstone before the well was plugged and abandoned. In 2014, Warrego Energy acquired the West Erregulla 3D seismic survey and subsequently farmed out 50% of EP 469 and operatorship to Strike in 2018.

West Erregulla was discovered by Strike in 2019 with the West Erregulla-2 exploration well, targeting the previously untested Kingia and High Cliff Sandstones, analogous to the nearby Waitsia field. The well intersected ~78m of Net Pay across the Permian aged Wagina, Kingia and High Cliff sandstones, with the Kingia Sandstone flowing up to 69 MMscf/d on production test. West Erregulla-3, 4 and 5 were drilled between 2020 and 2022. West Erregulla 3 encountered over pressure in the Carynginia and was suspended before being successfully re-entered in mid-2022 and intersecting 38m of Net Pay and producing one of the best flow rates in the basin at a peak of 90 MMscf/d.

Following the re-entry and completion of West Erregulla-3 in July 2022, NSAI updated their independent reserves and resources report for the West Erregulla field, resulting in a 41% increase in gross 2P Reserves to 422 PJ (211 PJ net to Strike) and a revision to gross 2C Contingent Resources to 30 PJ (15 PJ net to Strike).[23]

Development

Strike has begun preparation and procurement for the workover of West Erregulla-4 and 5, with the primary objective of deepening the gas-water contact used by NSAI to determine 2P Reserves and preparing the wells as future producers.

Strike is engaged with its JV partner, Warrego Energy (under new Hancock Prospecting management), on the best field development plan and are awaiting final determination from the Western Australian Environmental Protection Agency on the outcomes of its Part IV primary environmental approval application.

Exploration and Appraisal

The EP469 joint venture has approved the drilling of two near field exploration wells within EP469. These include a well into the Southwest Erregulla prospect (SWE-1) and the Erregulla Deep prospect (ERD-1). Both structures sit immediately adjacent to, or are interpreted to be connected to, existing independently certified Reserve or Resources in the West Erregulla and South Erregulla gas fields. Strike has estimated a Prospective Resource (2U) of gross 272 PJ for Southwest Erregulla and gross 278 PJ for Erregulla Deep (136 PJ and 139 PJ respectively net to Strike).[24] Both of these targets demonstrate the undrilled prospectivity of the Greater Erregulla region and the broader prospectivity resultant from the drilling within the West and South Erregulla gas fields.

In June 2023, Mineral Resources Limited announced successful exploration results at the neighbouring North Erregulla Deep-1 (NED-1) well. This result improves Strike's confidence in the prospectivity of the near field exploration target, Erregulla Deep where the drilling in the coming FY should provide for an exciting milestone.

[23] Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

[24] Refer to footnote 23 and to Prospective Resource cautionary note adjacent map on page 9.

Upstream Asset: **Ocean Hill**

FY23 Highlights

- Updated the independent resource certification with RISC
- 2C conventional Contingent Resource of net ~300 PJ [25]
- Initial regulatory approval received for Ocean Hill 3D seismic acquisition
- Seismic acquisition vendor, Terrex, awarded Ocean Hill 3D seismic

FY24 Focus

- Acquire 240 km^2 3D seismic over Ocean Hill structure
- Identify appraisal well location

[25] Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

Upstream Asset: **Ocean Hill** (cont'd)

Acreage Description

Ocean Hill sits within EP 495, which is owned and operated 100% by Strike. It is situated approximately 350 km north of Perth near the town of Eneabba in the Mid West. EP 495 lies ~40 km to the south of the South Erregulla field and ~60 km north of the Walyering gas field.

Asset Description

Ocean Hill was discovered in 1991 when SAGASCO Resources drilled the Ocean Hill-1 well. The well was drilled to test the gas potential of the Jurassic aged Cadda and Cattamarra Coal Measure (CCM) sandstones. The well intersected ~128m of tight gas sands and gas shows across a 900m gross interval. Multiple cased hole production tests were run with most flowing gas at rates which at the time were too small to measure. Gas and condensate were recovered from the upper and middle Cadda and the lower CCM. The field has remained undeveloped since.

Strike acquired the acreage through its acquisition of UIL Energy Limited in 2018 and post the successful results of Walyering, has reinterpreted the Ocean Hill discovery. After incorporating Strike's proprietary data from its recent success at the Walyering gas field and updated mapping, RISC has independently certified conventional 2C Contingent Resources of net 300 PJ at the 100% owned Ocean Hill gas field with an increase in the 1C conventional Contingent Gas Resources by over 700% to net 185 PJ.[26]

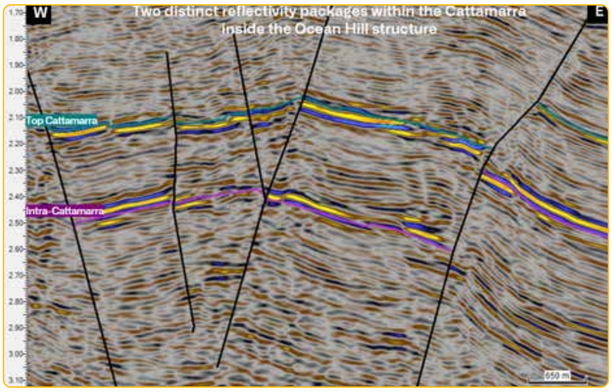
Strike believes the key risk of the Jurassic wet-gas play is reservoir quality. Appraisal drilling at Walyering demonstrated the importance of acquiring 3D seismic data to optimally locate wells to penetrate high quality reservoir using geophysical amplitude signatures.

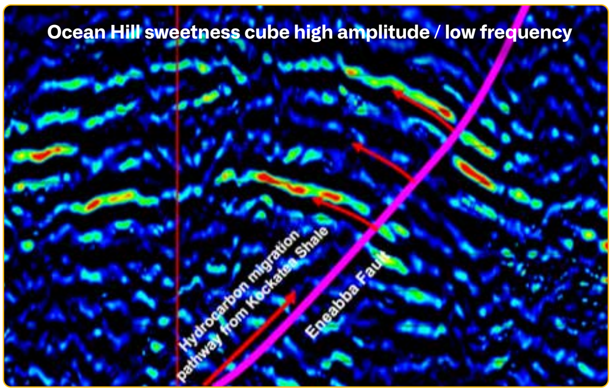
Exploration and Appraisal

Strike has planned and received regulatory approvals for 240 km^2 of 3D seismic to be shot in the middle of FY24. The survey has been awarded to seismic acquisition vendor, Terrex, and, contingent on interpretation, will provide Strike with the ability to optimally locate an Ocean Hill-2 appraisal well. The objective of the Ocean Hill-2 well be to convert the net 300 PJ of conventional Contingent Resources to Reserves[27].

Potential Development

In a success case at Ocean Hill-2, Strike would have additional tranches of low-cost, fast to market gas analogous to that at Walyering.





[26] Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

[27] Refer to footnote 26. Conversion of Resources to Reserves is subject to appraisal drilling results. Neither the conversion nor the rate of conversion is guaranteed.

Upstream Asset: **Other Permian Gas Exploration**

FY23 Highlights

- Acquired 128km of 2D seismic over Eneabba Deep

FY24 Focus

- Progress Eneabba Deep
- Acquire Kadathinni 2D seismic
- Progress large Tathra Terrace leads to drillable prospects

Upstream Asset: **Other Permian Gas Exploration** (cont'd)

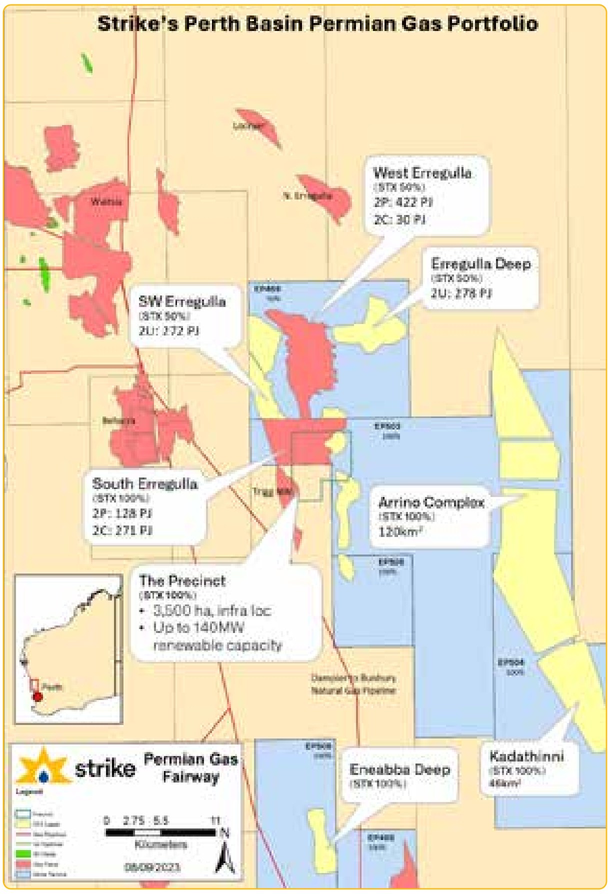
Acreage Description

Strike's position in the Permian Gas Fairway includes 100% ownership and operatorship in EP503 (South Erregulla), EP504, EP505, EP506 (Eneabba Deep) and 50% ownership and operatorship in EP469 (West Erregulla).

Exploration Activity

In EP503 and EP504 Strike has identified a significant extension of this Permian trend named the Tathra Terrace. The Tathra Terrace is a structrual trend that extends from the Lockyer Deep and North Erregulla gas discoveries. This terrace includes two larger leads in Arrino and Kadathinni with a near identical trapping geometry to Lockyer Deep and 166km^2 of combined closure. Seismic amplitude brightening is observed on new 2D seismic at near Kingia Sandstone level at depths of 4,000m subsea to as deep as 6,000m in the far south.

In EP506 Strike has recently acquired new 2D seismic to provide high definition subsurface information of the Eneabba Deep prospect, which, subject to the seismic results, will be used to inform the location of a future exploration well.



Note: Refer to page 36 for important information regarding oil and gas reserve and resource estimation.

Prospective Resource (2U) Estimate Information & Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future exploration and development project(s) relate to undiscovered accumulations. These estimates are un-risked, probabilistically determined, and have both an associated risk of discovery (POS 42% for Erregulla Deep and 54% for Southwest Erregulla) and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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OPERATIONS AND PROJECT OVERVIEW (CONT'D)

Upstream Asset: **Other Perth Basin Exploration Assets**

Strike's 100% owned southern Perth Basin blocks EP488 and EP489 are situated within or adjacent to the Dandaragan Trough and lie between the Walyering and Ocean Hill gas fields. Strike has used seismic and regional well data to identify conventional and unconventional reservoir targets within its permit areas, including a large potential basin centred gas play in the Cattamarra Coal Measures.


Eneabba Deep 2D seismic acquisition

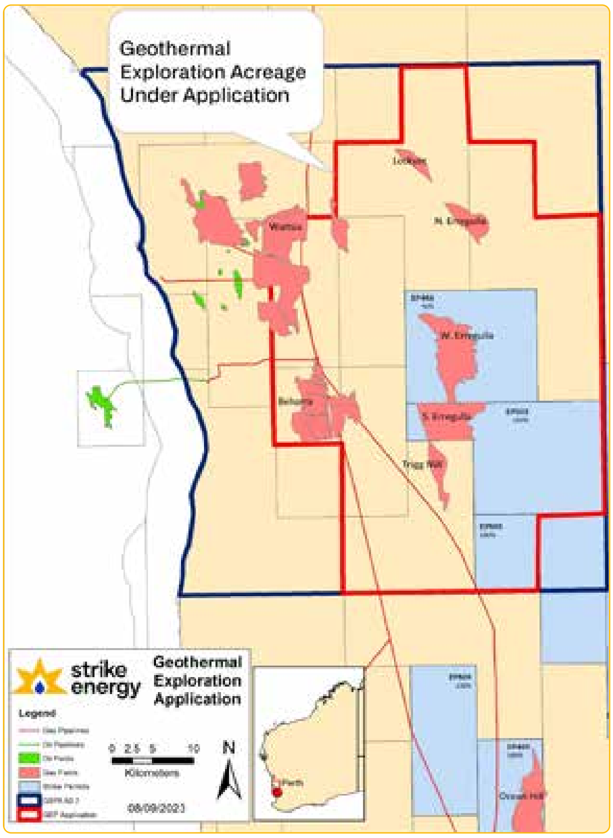
Upstream Asset: **Mid-West Geothermal**

Strike has applied for a Geothermal Exploration Permit and has been working with the regulator in order to provide additional information around the interaction of geothermal operations and that of gas or petroleum pools. This work compiled the requested information in order to facilitate award of the Geothermal Exploration Permit, which would allow Strike to formally conduct and test the geothermal potential in its high graded and identified area of operations.

The acreage under application is located in the Mid West, and lies over the gas fields of Greater Erregulla, Lockyer Deep, Beharra Springs and a portion of Waitsia.

During the period, Strike became a corporate member of the Australian Geothermal Association.

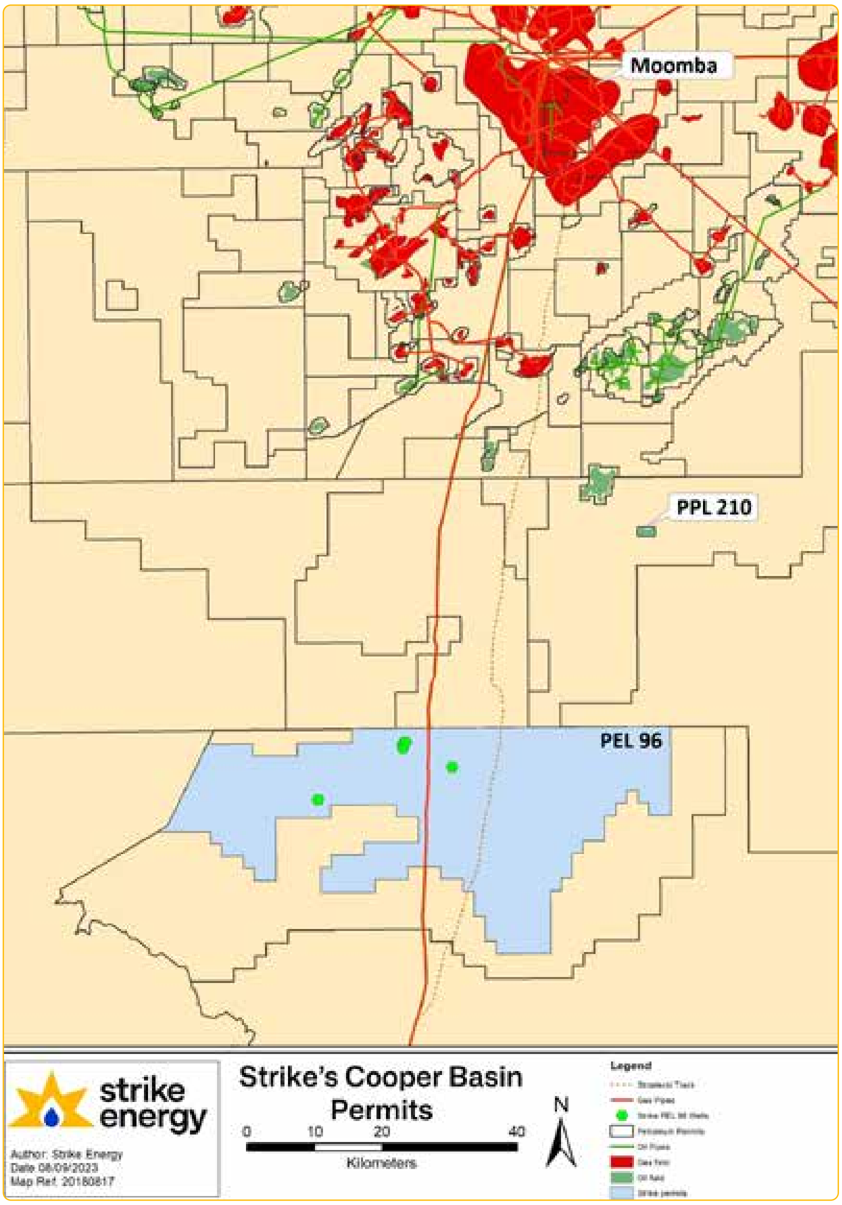
Subject to the permit being awarded, Strike will look to commence studies with tertiary institutions in order to progress the basin first, Mid-West Geothermal Power Project.



Upstream Asset: **Cooper Basin**

Strike also holds permits in South Australia's Cooper Basin. During the reporting period, Strike surrendered PEL 515 and withdrew its application for PELA 640. Planning for rehabilitation of PEL 96 wells and facilities took place. Wells and facilities in PEL 94 and PEL 95 were rehabilitated by the operator, Beach Energy, and surrendered.

PEL 96 (Strike (Operator) 67%, Australian Gasfields 33%), and the Aldinga oilfield in PPL 210 (Strike 50%, Beach (Operator) 50%) remain as Strike's only active permits in the Cooper Basin.



Upstream Assets

Petroleum Tenements Held at the End of the Financial Year ended 30 June 2023

Permit	Basin	Play	Operator (parent)	STX Interest	Gross Area (acres)	STX Net Area (acres)
EP469 (West Erregulla)	Perth Basin	Permian Gas	Strike	50%	55,500	27,750
EP503 (South Erregulla)	Perth Basin	Permian Gas	Strike	100%	138,626	138,626
EP504	Perth Basin	Permian Gas	Strike	100%	92,170	92,170
EP505	Perth Basin	Permian Gas	Strike	100%	18,533	18,533
EP506	Perth Basin	Permian Gas	Strike	100%	37,066	37,066
EP447 (Walyering)	Perth Basin	Jurassic Wet Gas	Strike	55%	274,287	150,857
EP488	Perth Basin	Jurassic Wet Gas	Strike	100%	73,390	73,390
EP489	Perth Basin	Jurassic Wet Gas	Strike	100%	36,572	36,572
EP495	Perth Basin	Jurassic Wet Gas	Strike	100%	73,637	73,637
PEL 96	Cooper Basin	Deep Coal	Strike	67%	668,098	444,953
PPL210 (Aldinga)	Cooper Basin	Shallow Oil	Beach	50%	988	494

Downstream Projects: **The Mid West Low Carbon Manufacturing Precinct**

FY23 Highlights

- Acquisition of 3,500 ha of freehold farmland to house “the Precinct”
- Hybrid Systems Australia deployed LiDAR technology to capture wind data to support future renewable energy infrastructure developments

FY24 Focus

- Complete wind data acquisition
- Design carbon farming initiative
- Appraise carbon sequestration reservoir

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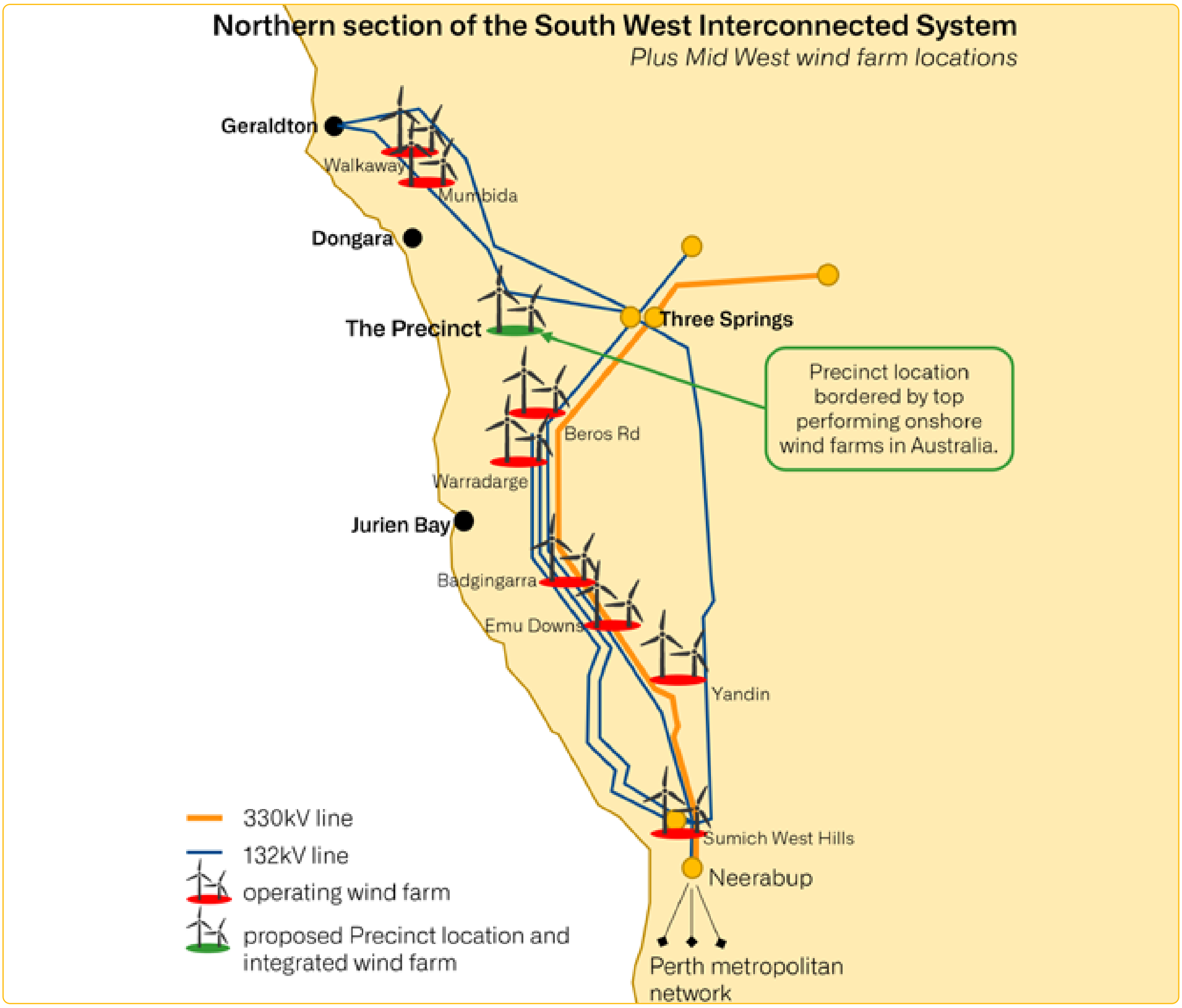
Downstream Projects: **The Mid West Low Carbon Manufacturing Precinct** (cont'd)

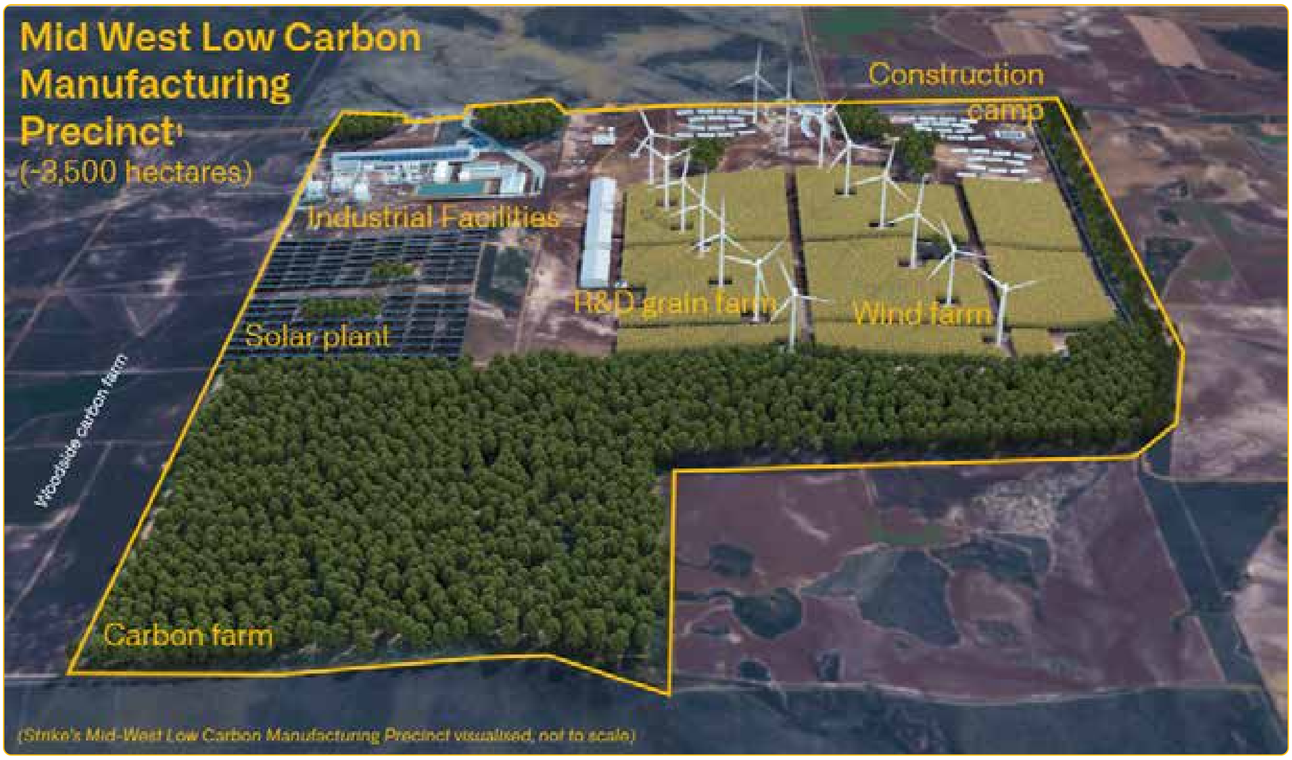
Asset Description

The Mid West Low Carbon Manufacturing Precinct is a 3,500 ha strategic land holding that is sufficient in size to host all of the infrastructure requirements for Strike's South Erregulla development and its proposed Project Haber and that can, by virtue of it being cleared and ploughed farmland, enable accelerated development of this infrastructure by negating the requirement for native vegetation clearing permits and approvals.

The Precinct also has abundant wind resources (being located in the prolific Mid West wind corrider) and solar resources and, with large areas of cleared land, is suitable to host solar power infrastructure and wind turbines. The combined high-capacity factor of the wind and solar power generation potential provides the opportunity to partially displace gas fired electricity with renewable and sustainable energy, thereby reducing greenhouse gas emissions at the Precinct and unlocking gas resources for additional sales.



Downstream Projects: **The Mid West Low Carbon Manufacturing Precinct** (cont'd)



(Strike's Mid-West Low Carbon Manufacturing Precinct visualised, not to scale)

Development

During the period, Strike finalised the acquisition of the freehold farmland that makes up the Precinct via a $6 million agricultural finance facility from Rabobank[28].

Strike completed several studies required for the planning and scheme amendment (for example the Traffic Survey and Bushfire Management Plan) for the use of the Precinct as an industrial hub instead of an agricultural property. Discussions to date with the Three Springs Shire have been very positive with a high degree of alignment in the objectives of the two parties, largely due to the job and local population growth potential that the Precinct could generate for the Mid West region.

Strike has also continued discussions with multiple renewable power developers to undertake concept design and data gathering studies in conjunction with power offtake agreements for Strike and any other industrial users.

Locating a gas processing hub at the Precinct offers significant benefits which include:

- accelerated environmental approvals as the development does not require clearance of native vegetation / habitat and does not require the need to secure leases and offset areas;
- opportunity for a centralised facility with capacity to process gas from across the Greater Erregulla region and avoid duplication of infrastructure;
- the ability to integrate the proposed Precinct renewables capacity to reduce CO_2 emissions; and
- the flexibility to expand capacity and infrastructure efficiently as appraisal and nearfield exploration drilling occur in the area over the next two-years. There is abundant cleared land in order to integrate additional processing trains as further gas resources are delineated.

[28] For further information see ASX Announcement dated 1st September 2022 entitled "Mid West Low Carbon Manufacturing Precinct Update".

Downstream Projects: **Project Haber**

Project Haber is Strike's proposed 1.4mtpa Urea Fertiliser project to be housed on the Precinct and which will utilise the regional Permian natural gas as feedstock.

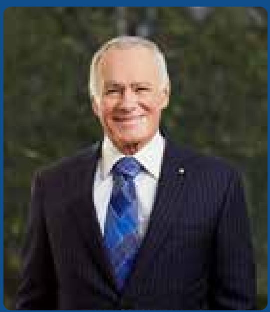
With the significant changes in the Western Australian domestic gas (and commensurate rise in gas price) and the lower capital pathway to higher and nearer returns that domestic gas sales offer as compared to Project Haber, Strike's Board of Directors has determined to reprioritise Strike's resources towards accelerating gas sales from its gas projects into the Western Australian domestic gas market. Strike will continue to progress environmental approvals and other long lead planning items for Project Haber, but all other activites will be deferred to the latter part of the decade.

04
DIRECTORS' REPORT

The directors present their report for Strike Energy Limited (Strike or Company) on the consolidated accounts for the financial year ended 30 June 2023.

Information about the Directors

The directors of the Company during the year ended 30 June 2023 and up to the date of this report are:



John Poynton AO

Chair (Non-Executive), CitWA FAICD SfFIN (Life) FAIM

John is Co-Founder and Executive Chair of Poynton Stavrianou, a Perth-based corporate advisory firm. In parallel with his career as an investment banker, John has been an active non-executive director of ASX-listed companies, government and education bodies and not-for-profit organisations.

He is currently a Director of the Future Fund Board of Guardians, Australia's sovereign wealth fund and a Non-Executive Director of Perth Airport. John has previously served on the boards of Multiplex, Alinta, Crown Resorts and Austal. He has also served on the Reserve Bank of Australia's Payments System Board, and on the board of the Australian Government's export credit agency (EFIC) and the Higher Education Endowment Fund. John has chaired the Council of Christ Church Grammar School, and the boards of Celebrate WA and the Foundation of the WA Museum.

He was also a long-standing board member of the Business School at the University of WA. In 2006 John was the recipient of the WA Citizen of the Year Award in the Industry and Commerce category and in 2016 he was appointed as an Officer in the General Division of the Order of Australia. He holds a Bachelor of Commerce and an honorary Doctor of Commerce from the University of Western Australia, where he was also awarded a Dean's Medal.

John was appointed to the Board as Chair on 10 April 2017.

Stephen Bizzell

Non-Executive Director, B.Comm, MAICD, SA FIN

Mr Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. He is also Chairman of ASX listed MAAS Group Holdings Limited and Laneway Resources Limited and a Non-Executive Director of Armour Energy Ltd and Renascor Resources Limited.

Mr Bizzell was an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in 2010 by Shell and PetroChina for $3.5 billion. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company.

He was a founding director of Bow Energy Ltd until its $550 million takeover and was also a founding director of Stanmore Resources Ltd and a former director of Queensland Treasury Corporation.

Mr Bizzell qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions.

Mr Bizzell has over 25 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies.

Mr Bizzell was appointed to the Board as a Non-Executive Director on 31 December 2018.

Mary Hackett

Non-Executive Director, BE(Mech),FIEAust, GAICD

Ms Hackett has an extensive career in the resource sector, spanning more than 30 years, with senior executive roles in Brown & Root, Woodside, and General Electric, including Senior VP, Australia Oil, Woodside and CEO of General Electric Oil & Gas for Australasia.

Ms Hackett is also currently Executive Chair of Sapien Cyber, Independent Chair of Future Energy Exports Cooperative Research Centre, Non-Executive Director Blue Ocean Monitoring and Non-Executive Director of Clean Marine Fuel Institute. She also is a member of, or chairs, Audit and Risk, ESG, Major Projects and Remuneration Committees for several of the boards she serves.

A Graduate of AICD and is a Fellow of Engineers Australia, Ms Hackett holds an honours degree in Mechanical Engineering from University College Galway, Ireland.

Ms Hackett was appointed to the Board as a Non-Executive Director on 27 October 2020.

Jill Hoffmann

Non-Executive Director, BBS, MBA, Fellow AICD

Ms Hoffmann has more than 30 years in the energy industry, including executive directorships and 12 years as a senior executive for Woodside Energy Ltd as well as time spent at Chevron and Worley. This experience includes a broad range of roles across the energy value chain and of note are her Senior Vice President roles in marketing and trading across Woodside's full suite of energy products. This provided Ms Hoffmann with a deep understanding of the WA domestic gas market and regional gas market. Ms Hoffmann also led the development and implementation of renewable energy and environment and cultural heritage protection strategies at Woodside.

Ms Hoffmann is a former chair of Fremantle Ports, where she was also Chair of the Audit and Risk committee. Ms Hoffmann is a Fellow of AICD and holds a Master of Business Administration from Henley Management College, England and a Bachelor of Business from Massey University, New Zealand.

Ms Hoffmann was appointed to the Board as a Non-Executive Director on 1 May 2023.

Stuart Nicholls

Managing Director and Chief Executive Officer, B.Comm

Mr Nicholls has led the transformation of Strike Energy from its exploration roots into one of Australia's major emerging domestic gas producers. Mr Nicholls has a broad ranging background across the energy landscape that included time in the up and downstreams at Royal Dutch Shell. His experience includes time within Finance, Commercial, Joint Ventures, Economics, Global Strategy and Exploration; primarily from within Royal Dutch Shell's gas businesses. He has a key focus on the transition of our energy system and his previous experience also includes six years with the Australian Army in senior leadership positions.

He has worked in Australia, The Netherlands, Myanmar and Malaysia in both a corporate and operational capacity and holds a Bachelor of Commerce (Finance and Accounting) from UWA.

Mr Nicholls joined Strike as Chief Executive Officer on 10 April 2017 and was appointed to the Board as Managing Director on 18 August 2017.

Neville Power

Non-Executive Director and Deputy Chair, BE(Mech), MBA, HFIEAust, FAusIMM, MAICD

Mr Power is also a Non-Executive and Lead Independent Director of employment services provider APM Human Services International Ltd. With more than four decades of experience in mining, minerals processing, construction and steel making, Nev has accumulated a wide range of skills and knowledge across multiple sectors of the commercial and Not for Profit global business landscape.

During the COVID-19 pandemic, Nev was appointed by the Prime Minister to lead an expert advisory board, the National COVID-19 Coordination Commission (NCCC). The Commission had two key roles: to help minimise and mitigate the impact of the COVID-19 on jobs and businesses, and to facilitate the fastest possible recovery of the Australian economy and communities.

From 2011 to 2018, Nev was Managing Director and Chief Executive Officer, Fortescue Metals Group Ltd, one of the world's largest, lowest cost producers of iron ore. During his time Fortescue more than quadrupled its production to over 170 million tonnes per annum and positioned itself as the lowest cost supplier of seaborne iron ore to China. Before joining Fortescue, he held Chief Executive positions at Thiess and the Smorgon Steel Group. Nev also has an extensive background in agribusiness and aviation, holding both fixed wing and helicopter commercial pilot licenses.

Mr Power was appointed to the Board on 25 September 2019.

Andrew Seaton

Non-Executive Director, BE (Chem) Hons, Grad Dip Bus Admin, GAICD

Mr Seaton has over 30 years' business experience across a range of finance, engineering, project management, investment banking and senior executive roles.

Mr Seaton was previously CFO of Santos Limited, Australia's largest producer of domestic natural gas and a key supplier of LNG into Asia. During his time with Santos, the company expanded its LNG portfolio to include interests in Darwin LNG, PNG LNG, and Gladstone LNG. Prior to this, he worked in investment banking with Merrill Lynch in Melbourne and New York across a broad range of advisory, M&A, equity and debt capital markets transactions, and with NAB in corporate and institutional banking. His early career included process engineering and project management roles across upstream oil and gas and petrochemicals.

Mr Seaton is currently the Managing Director of Australian Naval Infrastructure, and a Non-Executive Director of Homestart Finance Ltd, Hydrocarbon Dynamics Ltd.

Mr Seaton was appointed to the Board as a Non-executive Director on 18 August 2017.

Company Secretary

Justin Ferravant, a member of CPA Australia, has held the position of Company Secretary from 31 August 2017.

Directorships of other listed companies

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

Director	Company	Period of Directorship
John Poynton	Crown Resorts Limited	Resigned 28 February 2021
Stephen Bizzell	Armour Energy Limited	Current
	Challenger Energy Group Plc	Current
	Savannah Goldfields Ltd (formerly Laneway Resources Ltd)	Current
	MAAS Group Holdings Limited	Current
	Renascor Resources Limited	Current
Mary Hackett	Northern Star Resources Limited	Resigned 22 August 2022
Stuart Nicholls	-	-
Neville Power	APM Human Services International Limited	Current
	Genesis Minerals Limited	Resigned 30 September 2022
Andrew Seaton	Hydrocarbon Dynamics Limited	Current
	Rex Minerals Limited	Current
Jill Hoffmann	-	-

Directors Meetings

The Board met eighteen times during the year. Three Nomination and Remuneration Committee meetings, four Audit and Risk Committee meetings, and two Environmental Social and Sustainability committee meetings were held. The number of meetings attended by each director during the financial year was:

	Board of Directors		Audit and Risk		Nomination and Remuneration		ESS Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr J Poynton	18	18	0	0	3	3	0	0
Mr S Bizzell	18	18	4	4	3	3	0	0
Mr S Nicholls	18	18	0	0	0	0	0	0
Mr A Seaton	18	18	4	4	3	3	0	0
Mr N Power	18	17	0	0	0	0	2	2
Ms M Hackett	18	18	4	4	0	0	2	2
Ms J Hoffmann	2[i]	2	0	0	0	0	0	0

[i] Ms J Hoffmann was appointed to the Board of Directors on 1 May 2023.

Reserves and Resources

Strike increases its 2P reserves in the Perth Basin

At the end of FY23, Strike's 2P reserves were 64 million barrels of oil equivalent (MMboe). The increase in 2P reserves was driven by the maiden Reserves booking at South Erregulla of 22 MMBoe in October 2022, which was based on the drilling and well test results of South Erregulla 1 and Maior 2D seismic survey.

2C Contingent Resources increased to 105MMboe as a result of the inclusion of South Erregulla Resources for the first time. Ocean Hill 2C Contingent Resources reduced by 15MMboe following a new Resource report prepared by RISC in 2022, which incorporated the learnings from the analogous Walyering field and recategorized some of the existing Contingent Resource as Prospective Resource. However, the 1C Contingent Resource rose over 700% from the findings of this report.

Strike made a maiden Contingent CO2 Storage Resource booking over the South Erregulla project area during FY23 based on well data acquired during South Erregulla 1 drilling and the Maior 2D seismic survey. The 2C Contingent Storage Resource was estimated as 4.80 million tonnes of CO2 (Strike share).

Reserves (Strike Share)

2P Reserves	Gas (PJ)	Condensate (MMbl)	Total (MMboe)
Perth Basin			
West Erregulla	211	-	36
South Erregulla	128	-	22
Walyering	30	0.3	6
Total	369	0.3	64

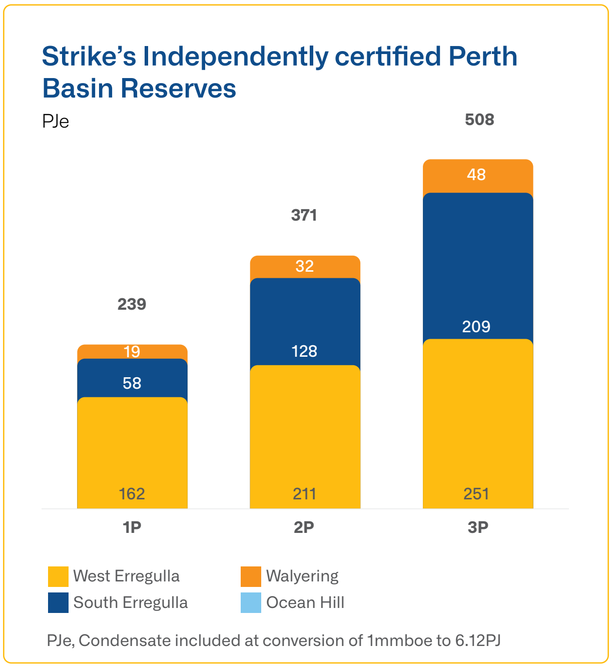
* *Barrels of oil equivalent (boe) and petajoule (PJ) of gas are calculated on a 171,940 boe per PJ energy equivalence basis. The ratio does not reflect the relative commercial value of gas and oil-condensate.*

PJ – Petajoule; MMboe – million barrels of oil equivalent; MMbbl – million barrels

FY23 Reserves Reconciliation (all products MMboe) (Strike share)

2P Reserves	FY22	Production	Acquisition/ Divestment	Exploration/ Appraisal	Contingent Resources to Reserves	Total Revisions	FY23
Perth Basin							
West Erregulla	36	-	-	-	-	-	36
South Erregulla	-	-	-	22	-	22	22
Walyering	6	-	-	-	-	-	6
Total	42	-	-	22	-	22	64

1P, 2P & 3P Reserves (PJe) (Strike share)



Contingent Resources (Strike Share)

2C Contingent Resources	Gas (PJ)	Condensate (MMbbl)	Total (MMboe)
Perth Basin			
West Erregulla	15	-	3
South Erregulla	271		47
Walyering	18	0.17	3
Ocean Hill	300	1	53
Total	604	1.2	106

* *Barrels of oil equivalent (boe) and petajoule (PJ) of gas are calculated on a 171,940 boe per PJ energy equivalence basis. The ratio does not reflect the relative commercial value of gas and oil-condensate.*

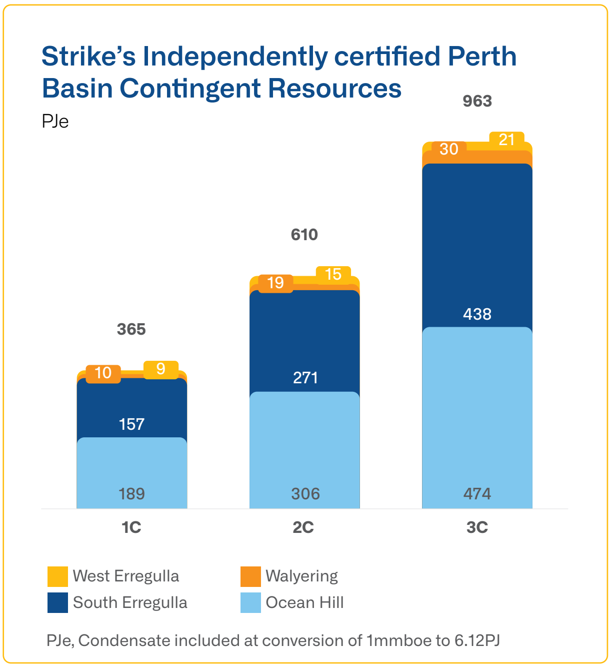
PJ – Petajoule; MMboe – million barrels of oil equivalent; MMbbl – million barrels

FY23 Contingent Resource Reconciliation (all products MMboe) (Strike share)

2C Contingent Resources	FY22	Acquisition/ Divestment	Exploration/ Appraisal	Contingent Resources to Reserves	Other	Total Revisions	FY23
Perth Basin							
West Erregulla	3	-	-	-	-	-	3
South Erregulla	-	-	47	-	-	47	47
Walyering	3	-	-	-	-	-	3
Ocean Hill	68	-	-	-	(15)	(15)	53
Total	74	-	47	-	(15)	32	106

Note: Due to rounding, figures and ratios in tables and charts throughout this report may not reconcile to totals.

1C, 2C & 3C Contingent Resources (PJe) (Strike share)



FY23 Contingent Storage Resources (Strike share)

Storage Formation / Unit	Gross CO2 Storage Resources (million tonnes)		
	1C	2C	3C
Perth Basin			
Cattamarra Coal Measures	2.20	4.80	9.20
Total	2.20	4.80	9.20

Note: "Gross" are 100% of storage resources attributed to the EP 503 licence area. Strike's net storage resource is zero as it does not yet have entitlement to a storage licence.

FY23 Contingent Storage Resource Reconciliation (million tonnes) (Strike share)

Gross 2C Contingent Storage Resources	FY22	Acquisition/ Divestment	Exploration/ Appraisal	Contingent Resources to Reserves	Other	Total Revisions	FY23
Cattamarra Coal Measures	-	-	4.80	-	-	4.80	4.80
Total	-	-	4.80	-	-	4.80	4.80

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Information regarding oil and gas reserve and resource estimates

References in this report to:

- the West Erregulla reserve and resource estimate is set out in the ASX announcement dated 27th July 2022 entitled "West Erregulla Reserves Upgraded by 41%" and in ASX announcement dated 16 December 2022 entitled "Strike to test Southwest Erregulla and Erregulla Deep Prospective Resource". Strike's interest is 50%;
- the South Erregulla reserve and resource estimate is set out in the ASX announcement dated 18 October 2022 entitled "Independent Certification of South Erregulla Wagina Gas Discovery". Strike Energy interest is 100%;
- the Walyering reserve and resource estimate is set out in ASX announcement dated 21 July 2022 entitled "Independent Certification of Walyering Reserves". Strike 's equity interest is 55%;
- the Ocean Hill 2C Contingent Resource is set out in ASX announcement dated 10 October 2022 entitled "Independent Certification of Ocean Hill Gas Resource". Strike's equity interest is 100%;
- the Gross CO2 Contingent Storage Resource Estimate is set out in ASX announcement dated 15th June 2023 entitled "South Erregulla Update'.

The above announcements are available to view on Strike Energy's website at www.strikeenergy.com.au.

Strike confirms it is not aware of any new information or data that materially affects the information included in the referenced announcements and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply.

All reserve and resource estimates are undeveloped as at the balance date.

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 2018, published by the Society of Petroleum Engineers (SPE PRMS). Storage resources are prepared in accordance with the 2017 CO2 Storage Resources Management System (SPE-SRMS).

The statement presents Strike's net economic interest estimated using a combination of probabilistic and deterministic methods. Each category is aggregated by arithmetic summation. Note that the aggregated 1P category may be a very conservative estimate due to the portfolio effects of arithmetic summation.

The estimates as at 30 June 2023 are based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of a Qualified Petroleum Reserves and Resources Evaluator (QPRRE) employed by Strike. The QPRRE is Mr Andrew Farley who holds a B.Sc in Geology, and is a member of the Society of Petroleum Engineers. Mr Farley is the General Manager – Subsurface and Exploration for the Group and has worked in the petroleum industry as a practicing geologist for more than 20 years. Mr Farley has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.

Given each of Strike's projects was, as at the balance date, either in the pre-development or pre-production phase, Strike's policy for preparing its Reserves and Resource estimates is to do so on receipt of new material information that is sufficient to inform a new estimate or a material change to a previously certified estimate. As Strike moves into production, commencing with its Walyering Project, Strike intends to adopt a more formal reserves policy regulating the periodic and scope of reserve estimate reviews and audits.

Operating and Financial Review

Operating and Financial Review

The Group's net assets increased by $170 million (145%) predominantly due to increased cash from the sale of the Group's equity investment in Warrego Energy Limited and capitalisation of costs for appraisal and development activity. Total liabilities increased by $13.1 million compared to the prior year mainly due to an increase in borrowings and other liabilities to fund exploration and appraisal activity.

The Group recognised a non-cash impairment charge of $3 million after reviewing the recoverability of the Cooper Basin assets.

External factors and risks with the potential to affect the Group's businesses and strategy

The Group's businesses and the delivery of Strike's strategy is subject to various risks and uncertainties, some of which are beyond its reasonable control. The identification and, where possible, mitigation and management of these risks is central to the delivery of our strategy and achievement of our shared purpose.

This section identifies the most significant risks and uncertainties to which the Group and its business are currently exposed and describes how they could affect the Group The matters identified are not listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with the Group's business. Refer to section 5.4 in the Financial Report for further information relating to financial risk management.

Additional risks and uncertainties not currently known may also have an adverse effect on the Group. The information set out in this section does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks that may affect the performance of the Group.

Climate change

The Group will be exposed to a number of climate change related risks. Material climate related risks include: changes in demand for products due to regulatory and technological changes (transitional risk), increases in operating costs of assets due to carbon-pricing policies or other market mechanisms, physical damage to assets or interruption to operations from climatic changes and extreme weather events, restrictions on capital deployment to carbon intensive industries, and reputational damage driven by stakeholder activism and changing societal expectations. The occurrence of any of these risks could result in asset impairment, lost revenue and reputational damage, amongst other things.

The Board has adopted the Taskforce on Climate-related Financial Disclosures' (TCFD) Recommendations as a framework for guiding our climate-related risk management and disclosures which is included in the Sustainability Report.

Commodity Prices

The Group's business is heavily dependent on prevailing market prices for its products, primarily uncontracted gas volumes. Changes in the gas price will impact revenue, cash flows, profitability, and ability to service its debts.

Future operating and capital cost requirements

Development of the Perth Basin assets will require significant capital and operating expenditure, which will need to be supported by external project financing, however there is no certainty the Group will be able to secure such financing on appropriate terms or at all. To the extent cash reserves and debt facilities are insufficient to meet its requirements for ongoing operations and capital expenditure, the Group may need to seek additional debt or equity funding, sell assets or defer capital expenditure. Project finance, specifically, is dependent on signing sufficient gas sale agreements with third parties. To the extent any existing or future customers terminate or repudiate their gas sale agreements or become entitled to withdraw any part of their committed gas purchases (including as a consequence of any delay of the development timetable), the Group will need to source replacement customers for the purposes of securing or maintaining project finance. Any such failure to obtain project financing funding on reasonable terms may result in a loss of business opportunity and/or excessive funding costs, including potentially significant dilution to existing shareholders if equity funding is pursued.

Exploration, drilling & production

Gas exploration is a speculative endeavour with an associated risk of discovery to find any gas in commercial quantities and a risk of development. No assurances can be given that funds spent on exploration will result in discoveries that will be commercially viable. Future exploration activities, including drilling and seismic acquisition, may result in changes in current prospectivity perceptions of individual prospects, leads and permits. It may even lead to a relinquishment of the permit, or a portion of the permit.

Gas drilling activities are subject to numerous risks, many of which are beyond the Group's direct control. Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, unexpected geological conditions, mechanical difficulties, conditions which could result in damage to plant or equipment or the environment, delays in government or regulatory approvals, availability of the necessary technical equipment and appropriately skilled and experienced technicians. Drilling may result in wells that, whilst encountering gas, may not achieve commercially viable results.

Gas projects may be exposed to low side reserve outcomes, cost overruns, and production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure and other unforeseen events. A significant poor development outcome or failure to maintain production could result in the Group lowering reserve and production forecasts, loss of revenue and additional operating costs to restore production. In some instances, a loss of production may incur significant capital expenditure, which could require the Group to seek additional funding.

Estimates

Underground gas reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid at a certain point in time may alter significantly or become uncertain when new gas reservoir information becomes available through additional drilling or reservoir engineering over the life of the field. As reserve and resource estimates change, development and production plans may be altered in a way that may affect the Group's operations and/or financial results. Additionally, gas reserves and resources assume that the Group continues to be entitled to production licences over the fields and that the fields will be produced until the economic limit of production is reached. If any production licences for fields are not granted, renewed or are cancelled, estimated oil and gas reserves and resources may be materially impacted.

Operations

Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to the Group due to injury or loss of life, damage to or destruction of property, natural resources, or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Group.

Industrial disputes, work stoppages and occupational safety incidents involving the Group's employees or contractors, natural disasters and extreme weather events, inadequate supply chain performance, deliberate acts of destruction, the inherent uncertainty in reserves estimates, failure of IT and other systems, cyber security disruption, environmental impacts, all contribute towards operational risk, which may have an adverse impact on the Group's profitability and results of its operations.

Land access risk

Land access is critical to the operations of the Group. Immediate and continuing access to land within licence and permit areas cannot in all cases be guaranteed as the Group may be required to obtain the consent of the owners and occupiers of the relevant land or surrounding land. Compensation may be required to be paid to the owners and occupiers for the Group to carry out exploration activities.

Various aspects of the Group's future performance and profitability are dependent on the outcome of future negotiations with third parties. In addition to the outcome of negotiations on land access arrangements, future negotiation with the government is expected in respect of licence renewals, developing related infrastructure and work obligations and security for rehabilitation of areas of operation within the Group's tenements.

Potential claims by community members and stakeholders, who may have concerns over the social or environmental impacts of oil and gas operations or the distribution of oil and gas royalties and access to petroleum-related benefits, have the potential to affect land access or cause community unrest and activism, which may diminish the Group's reputation.

Environment

The Group's exploration, appraisal, development and production activities may be delayed or may be unsuccessful owing to state, national and international environmental laws and regulations. Gas exploration, development and production can be potentially environmentally hazardous giving rise to substantial costs for environmental rehabilitation, damage control, and losses. The Group's operations will be subject to environmental controls relating to hazardous operations and the discharge of waste. The legal framework governing this area is complex and constantly developing. There is a risk the environmental regulations may become more onerous, making the Group's operations more expensive or causing delays. Non-governmental activists' activities may adversely affect gas exploitation activities, and those activists may successfully lobby for enhanced or altered regulations that impact or prevent exploration or exploitation activities (including conventional gas exploration).

Legislative and regulatory risk

The Group will operate in industries subject to extensive national and local laws and regulations. Non-compliance can lead to regulatory or legal actions and can impact the status of licenses or operatorship. Retention of licences can also be impacted when government development expectations are not met.

Changes in government policy, the fiscal regime, regulatory regime or the legislative framework could impact The Group's business, results from operations, asset valuation or financial condition and performance. The possible extent of such changes that may affect the Group's business activities cannot be predicted with any certainty. The effects of any such actions may result in, amongst other things, delays or the prevention of The Group being able to execute certain activities, increased costs (whether in the nature of capital or operating expenses), taxes (direct and indirect), or domestic market obligations.

Companies in the energy and industrials sectors may be subject to paying direct and indirect taxes, royalties and other imposts in addition to normal company taxes. The Group's profitability may be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies.

In addition to changes in existing tax laws, risk is also embedded in the interpretation or application of existing tax laws, especially where specific guidance is unavailable or has not been tested in the relevant tax jurisdiction. The Group may also be forced to surrender or sell certain of its assets if required to do so by regulatory authorities, whether on a temporary or permanent basis.

Joint venture risk

The Group is currently, and may in the future, be party to joint venture or joint operating agreements for a number of the licences, leases and permits in which it holds interests of less than 100%. Subject to any sole risk development rights that may exist in the relevant joint venture agreement, the Group may require the agreement of other joint venturers to proceed with an exploration, appraisal or development project. Where sole risk development rights are exercisable by a party to a joint venture or joint operating agreement, the Group may not, for whatever reason, be in a position to participate and in those circumstances the Group may not benefit wholly or at all from development activities which are undertaken by a counterparty exercising its sole development rights.

The Group's joint venture partners may have economic or other business interests or goals that are inconsistent with the business interest or goals of the Group and may be in a position to take actions contrary to the Group's objectives or interests. Where a joint venture partner does not act in the best interests of the joint venture, there is underperformance by the joint venture management team or where the interests of joint venture partners do not align with the Group, this may adversely affect the Group's business, financial condition or results of operations.

Counterparty and credit risk

A dispute, or a breakdown in the relationship, between the Group and governments, regulators its joint venturers, suppliers or customers, a failure to reach a suitable arrangement with a particular joint venturer, supplier or customer, the failure of a joint venturer, supplier or customer to pay or otherwise satisfy its contractual obligations (including as a result of insolvency, financial stress) or termination of an existing arrangement by a particular counterparty, could have an adverse effect on the reputation and/or the financial performance of the Group.

Strike's relationship with its lending bank is particularly important. If the Group's financial position deteriorates materially, and Strike's lending bank is unwilling to grant covenant waivers or amendments to Strike's existing financing facilities then the potential resulting debt covenant breaches may affect the Group's ability to finance its business.

The Group may also be adversely affected if a counterparty seeks to amend the terms (including pricing) of an existing contract, whether in anticipation of a potential breach of contract by such counterparty or otherwise. A breakdown in the relationship with a counterparty as a consequence of these or other factors may also adversely affect the Group's future business prospects with that counterparty.

Acquisitions and divestments

The Group has will from time to time evaluates acquisitions and divestment opportunities across its range of assets and businesses, and engages in confidential negotiations with third parties with respect to these opportunities. However, neither of the opportunities nor the negotiations will be disclosed publicly until such time as the prospects of transacting are sufficiently certain, and the Group has determined the impact of the potential transaction would be material to the price of Strike Shares. Any acquisitions or divestments may lead to changes in future capital and operating expenditure obligations which may impact on the Group's funding requirements.

Personnel

The operating and financial performance of the Group is in part dependent on its ability to retain and attract key personnel. Whilst the Group will make every reasonable effort to retain key personnel, there can be no guarantee that it will be able to retain its management team. There is also a risk that, in the current or future market conditions, the Group may need to pay a higher than expected cost to acquire or retain the necessary labour.

Cyber security risks

The integrity, availability and reliability of data within the Group's information technology systems may be subject to intentional or unintentional disruption. Given the increasing level of sophistication and scope for potential cyber-attacks, these attacks may lead to significant breaches of security that could jeopardise the sensitive information and financial transactions of the Group (from a cyber perspective) and property and environmental damage (from a physical perspective).

Insurance coverage

The Group will seek to maintain appropriate policies of insurance that are consistent with those customarily carried by similar organisations in the energy sector. Any future increase in the cost of such insurance policies, or an inability to fully replace, renew or claim against insurance policies could adversely affect the Group's business, financial position and operational results. Additionally, there is no assurance that the Group's insurance coverage will be sufficient to compensate it against all losses it may suffer as a result of an incident affecting its assets. There are certain types of risks that are not covered by insurance because they are either uninsurable or not economically insurable, including acts of war, acts of terrorism, civil unrest and business disruption caused. If such events were to occur, the Group may have to bear the costs of any uninsured risk or uninsured amount and this could have a material adverse effect on the business, financial position and operational results.

Additional future operating and capital cost requirements

Development of the Group's assets will require significant capital and operating expenditure, which will need to be supported by external project financing, however there is no certainty the Group will be able to secure such financing on appropriate terms. Additionally, unexpected changes to future cost profiles (including as a result of a tightening labour and supply market) or projected cash flows (including as a result of production delays) could result in the Group's cash requirements being over and above its available liquidity. To the extent that the Group's cash reserves and debt facilities are insufficient to meet its commitments for ongoing operations and capital expenditure, the Group may need to seek additional debt or equity funding, sell assets or defer capital expenditure. There can be no assurances the Group will be able to obtain project financing funding on reasonable terms or at all. Any such failure to obtain project financing funding on reasonable terms may result in a loss of business opportunity and excessive funding costs, including dilution to existing shareholders if equity funding is pursued.

Debt exposure

The Group currently has $73 million of secured debt financing facilities with Macquarie Bank to cover predevelopment and development costs across its portfolio of gas projects and a further uncommitted $80 million facility to fund the South Erregulla gas development. Security has also been provided over the Precinct land for $6 million to Rabo Bank Australia.

There is a risk the Group fails to comply with the debt facility covenants. Failing to comply with the debt facility covenants could lead to an event of default and repayment obligation together with enforcement of the security granted for the facilities and, as a result, loss of control and ownership of the secured assets.

Russia-Ukraine Conflict

The current ongoing military action between Russia and Ukraine creates uncertainty about the potential impact on financial markets and the global economy. The conflict may contribute to increased short to medium-term market volatility, as well as increases in global energy prices. Refer to the 'Commodity prices' risk above for further information on how changes in commodity prices may impact the Group.

Remuneration Report

The remuneration report outlines the remuneration outcomes and activities for the Company's key management personnel (KMP) for FY23.

For the purposes of this report, KMP are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly.

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 during the year ended 30 June 2023 and up to the date of this report.

Non-executive Directors

John Poynton	Chairman and non-executive director
Stephen Bizzell	Non-executive director
Mary Hackett	Non-executive director
Jillian Hoffmann	Non-executive director (appointed 1 May 2023)
Neville Power	Non-executive director
Andrew Seaton	Non-executive director

Executive Officers

Stuart Nicholls	Chief Executive Officer and Managing Director
Crispin Collier	Chief Development and Marketing Officer
Kevin Craig	Chief Operating Officer
Justin Ferravant	Chief Financial Officer and Company Secretary
Lucy Gauvin	General Counsel

Remuneration policy

The Company's remuneration policy 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), long-term incentives (LTI) and discretionary cash bonuses. The overall objective is to ensure maximum stakeholder benefit from the retention of a high quality and high performing executive team.

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.

An aggregate cash remuneration of $1,000,000 (FY22: $800,000) may be applied to pay the non-executive Directors of the Company as approved by shareholders in November 2022. As at 30 June 2023, the base fee paid to the Directors is $100,000 and the Chairman's fee is $180,000 per annum exclusive of superannuation. Additional fees for committee chairs and members are $15,000 and $10,000 per annum exclusive of superannuation. The fee structure in 2023 is comparable and has been based on other peer entities with a similar market capitalisation.

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 objectives identified above. The Group has entered into standard contracts of employment with its senior management. Remuneration under these contracts consists of fixed and variable remuneration.

Fixed remuneration

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee with recommendations made to the Board. A review was conducted during the year to compare remuneration with data attained from relevant industry peer group.

Variable remuneration – short term incentive

The objective of the STI program (STIP) is to link the achievement of the Group's short-term performance objectives with the remuneration received by senior management and employees charged with achieving those measures. The Nomination and Remuneration Committee will recommend to the Board the amount, if any, of the variable remuneration to be paid. Payments can be made either in cash or through the award of equity instruments in the Company.

STI payments 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, exploration, development performance, financial performance, and an element of board discretion. 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.

Plan Feature	Details
What is the objective of the STIP?	The STIP motivates staff and executives for their contribution to the Company's performance.
How is the STIP aligned with shareholder interests?	The STIP sets safety and environmental, operational, and cost targets to enhance shareholder value.
How is the STIP awarded?	The award can be paid in cash or non-cash as approved by the Board. The non-cash award is delivered in the form of performance rights.
When do the performance rights vest?	The STIP is awarded after the financial year and once the Board has assessed the performance of the Company. The FY23 performance rights vest 30 days from grant. Employees maintain the performance rights on the condition of remaining in employment with the Company until the vesting date, unless otherwise approved by the Board.
Who is eligible and what is the maximum award opportunity?	All staff are eligible. At the target level (1 x multiplier) the award opportunity as a percentage of total fixed remuneration is: Executive KMP 50%Other Staff 10%-25%
What is the performance period?	The STIP operates over a 1-year period from 1 July.
What share price is used to calculate the number of performance rights?	The 5-day VWAP leading up to the end of each financial year will be applied to calculate the number of performance rights to be issued at face value.
How are the performance measures set?	The Board has set a scorecard to measure the Company's performance which is broken into core components that the Board believes are key to delivering the Company's strategy over the year. The performance measures are assigned a base level of performance (minimum score is 0%). The STIP awards performance that exceeds the base level such that the target levels (1x multiplier) are set to be challenging. A maximum award opportunity (1.5x multiplier) is a stretch target and is only expected to be awarded for outstanding delivery. The safety component compares the Company's performance against the industry. The KMP share the same scorecard and there is no individual performance weighting. For all other staff positions, the STIP is based on 50% company scorecard and 50% individual performance weighting.
What was the result of the FY23 STIP?	The Board awarded a performance score of 86% for the FY23 STIP as detailed below. This score was then applied to the target levels.

Based on significant events in the Western Australian domestic gas market, Strike's Board of Directors reprioritised the Company's resources towards accelerating gas sales into the Western Australian domestic gas market. These high returning and faster positive cashflow projects were considered as a priority over the vertical integration which was targeted through Project Haber. Project Haber remains a long-term objective however short-term targets in the Company's scorecard were adjusted to redirect Strike's limited resources towards achieving these new goals.

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The result for the FY23 STIP was 86% with the following outcomes:

Measure	Performance
Safety & Environmental	Achieved zero lost time injuries and exceeded environmental and safety expectations compared to industry benchmarks.
Cost Management	Achieved cost targets through the growth cycle of the business.
Domestic Gas Business	Certification of South Erregulla's Wagina 92PJ 2C and Ocean Hill 700% increase in 1C contingent resources. Progressed the Company's maiden Perth Basin production and entered into new gas sales agreement for Walyering gas field.
Net Zero 2030 Developments	Met expectations with Project Haber's environmental submission, however slower progress on auxiliary agreements due to the Company's re-focus on its domestic gas acceleration strategy. The low carbon Precinct was secured. Sequestration studies complete for the third- party certification of contingent resource.
Board Discretionary	The Board recognised the achievements during the year including the outcome of the Warrego takeover offer, additional debt financing through RaboBank and Macquarie Bank, and progress on gas portfolio development.

The FY24 STIP scorecard and relative target weightings are:

Measure	Weighting	Rationale
Safety & Environment	10%	Managing health, safety and environmental as a critical business activity.
Cost Management	5%	Management of costs to execute the Company's objectives.
Domestic Gas Business	75%	Commissioning and production of the Walyering gas project. Exploration and appraisal drilling outcomes to build reserves and resources. Negotiating additional sales agreements to support further project development.
Net Zero 2030 Developments	10%	Progressing opportunities for the low carbon manufacturing precinct to build towards the Company's Net Zero 2030 target.

Variable remuneration – long term incentive

The objective of the LTI program (LTIP) is to reward executive KMP 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 ("ESIP" or "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.

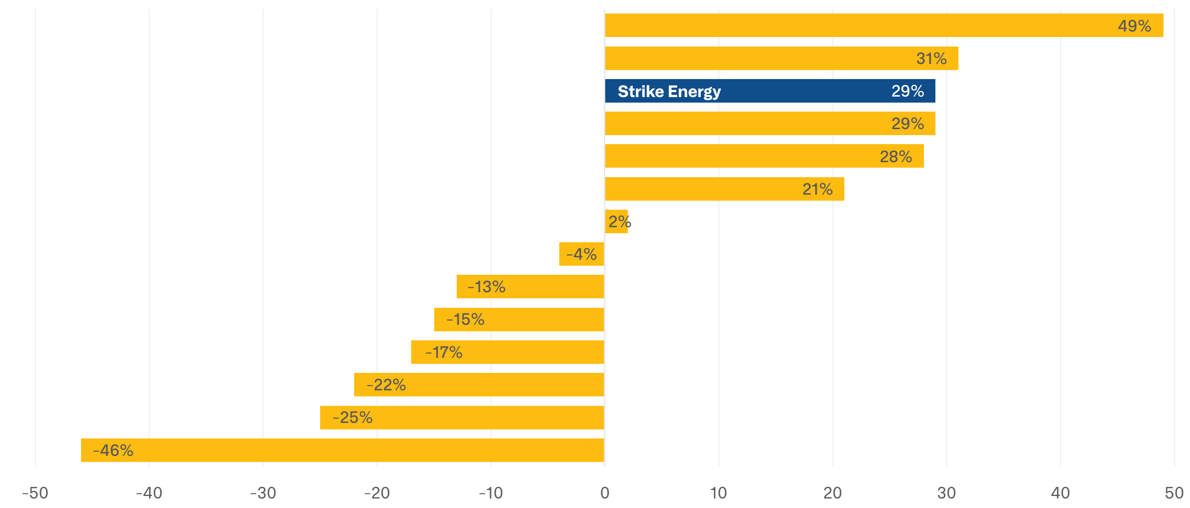
Where a recipient ceases employment prior to the required vesting conditions being met, the instruments are forfeited unless otherwise determined by the Board. Instruments that have already vested automatically expire 90 days after the date of cessation of employment unless otherwise determined by the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

The key features of the LTIP are set out in the following table:

Plan Feature	Details
What is the purpose of the LTIP?	The LTIP is intended to incentivise Executive KMP for achieving increases in the Company's long-term value.
What is the LTIP in place?	A LTIP based on total shareholder returns (TSR) was implemented from 1 July 2018. LTIP tranches are granted on an annual basis.
How is the LTIP awarded?	Performance rights are granted to Executive KMP, which vest dependent on the achievement of TSR hurdles. The 5-day VWAP leading up to the end of each financial year is applied to calculate the number of performance rights to be issued at face value.
What is the performance period?	A performance period of three years is considered appropriate to allow for the long-term nature of the exploration and evaluation activities. The FY23 tranche (FY23 LTIP) will be tested for vesting on 30 June 2025. There is no re-testing after completion of each performance period.
Who is eligible and what is the maximum award opportunity?	Executive KMP are eligible for the LTIP with the following maximum award opportunity as a percentage of fixed remuneration: Managing Director 100% Executive KMP 50-70%
What happens when an executive KMP leaves the Company?	The performance rights lapse upon ceasing employment unless otherwise determined by the Board.
What are the performance measures?	The LTIP consists of two equally weighted measures: 1. the absolute TSR and 2. the relative TSR of the Company against a comparative group of Australian resources companies. The FY23 relative TSR comparative group consists of 19 ASX listed entities: Beach Energy Limited, Bellevue Gold Limited, Byron Energy Limited, Carnarvon Petroleum Limited, Comet Ridge Limited, Cooper Energy Limited, Empire Energy Group Limited, Gold Road Resources Limited, Grange Resources Limited, Hazer Group Limited, Horizon Oil Limited, Karoon Energy Limited, Liontown Resources Limited, Mount Gibson Iron Limited, Neometals Limited, New Hope Corporation Limited, Vulcan Energy Limited, Warrego Energy Limited and Westgold Resources Limited. The FY24 relative TSR comparative group was reviewed and consists of 14 ASX listed entities: Beach Energy Limited, Bellvue Gold Limited, Capricorn Metals Limited, Chalice Mining Limited, Cooper Energy Limited, Core Lithium Limited, Gold Road Resources Limited, Karoon Energy Limited, Leo Lithium Limited, NRW Holdings Limited, Paladin Energy Limited, Tamboran Resources Limited, Sayona Mining Limited and Westgold Resources Limited. The composition of the group reflects the Company's entrance into production phase and market capitalisation. The group will be reviewed for relevance and amended annually as appropriate.
Did any LTIP vest during FY23?	Yes, the FY21 LTIP tranche was tested for vesting on 30 June 2023 exceeding the absolute and relative TSR hurdles to achieve the maximum vesting level of 100%.

The chart shows the compound annual growth rate (CGAR) of each of the relative peer companies over the FY21 LTIP period from 1 July 2020 to 30 June 2023. The FY21 LTIP relative peer group included 14 companies. Strike outperformed 11 companies within the relative peer group over the three-year measurement period with a CAGR of 29% p.a. and achieved a relative TSR percentile rank of 86%. Combined with the absolute TSR performance, this resulted in a vesting outcome of 100%.

Strike CAGR Share Price Performance versus FY21 Applicable Peer Group July 2020 to June 2023



The FY23 and FY24 performance measures are detailed below:

At grant date, the FY23 LTIP absolute performance measures and vesting conditions are below. These performance measures and vesting conditions are also used for the FY24 absolute TSR:

Measure	Weighting	Definition	Hurdles	Vesting Percentage
Absolute TSR	50%	The Company's absolute TSR calculated as at the vesting date.	Below 10% p.a.	0
			10% to < 15% p.a.	25%
			15% to <20% p.a.	50%
			20% to < 25% p.a.	75%
			Above 25% p.a.	100%
Relative TSR	50%	The Company achieves a TSR relative to a comparator group of companies over a three-year performance period.	Below 60th percentile	0
			60th percentile	60%
			61st to 75th percentile	61% to 99%
			> 76th percentile and above	100%

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 7.3.

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Remuneration details of key management personnel

$ Year ended 30 June 2023	Year	Salary and fees	Superannuation	Cash Bonus	Non-monetary	Long Service Leave	Share-based payments[ii]	Total	% of total at risk remuneration
Non-executive directors									
S Bizzell	**2023**	**119,167**	**12,513**	**-**	**-**	**-**	**433,372**	**565,052**	**0%**
	2022	100,000	10,000	-	-	-	-	110,000	0%
M Hackett	**2023**	**125,000**	**13,125**				**433,372**	**571,497**	**0%**
	2022	105,000	10,500	-	-	-	-	115,500	0%
J. Hoffmann[i]	**2023**	**18,333**	**1,925**	**-**	**-**	**-**	**-**	**20,258**	**0%**
	2022	**-**	**-**	**-**	-	-	-	-	**0%**
N Power	**2023**	**110,000**	**11,550**	**-**	**-**		**520,046**	**641,596**	**0%**
	2022	75,058	7,506	-	-	-	-	82,563	0%
J Poynton	**2023**	**215,475**	**-**	**-**	**-**	**-**	**606,721**	**822,196**	**0%**
	2022	188,833	-	-	-	-	-	188,833	0%
A Seaton	**2023**	**125,000**	**13,125**	**-**	**-**	**-**	**433,372**	**571,497**	**0%**
	2022	105,000	10,500	-	-	-	-	115,500	0%
Executive officers									
A Collier	**2023**	**398,134**	**25,292**	**-**	**4,269**	**2,606**	**234,006**	**664,307**	**35%**
	2022	377,610	23,568	300,000	3,262	655	217,963	923,058	56%
K Craig	**2023**	**396,369**	**25,292**	**-**	**4,269**	**1,398**	**230,805**	**658,134**	**35%**
	2022	354,214	23,568	-	3,262	1,264	205,947	588,255	35%
J Ferravant	**2023**	**396,369**	**25,292**	**-**	**-**	**9,230**	**281,217**	**712,109**	**39%**
	2022	351,432	23,568	-	-	11,873	365,630	752,503	49%
L Gauvin	**2023**	**363,763**	**25,292**	**-**	**-**	**16,852**	**241,324**	**647,231**	**37%**
	2022	279,946	23,568	-	-	8,764	331,880	644,158	52%
S Nicholls	**2023**	**642,351**	**25,292**	**-**	**4,269**	**13,681**	**624,319**	**1,309,912**	**48%**
	2022	606,432	23,568	-	3,262	17,793	650,022	1,301,076	50%
Total	**2023**	**2,909,961**	**178,700**	**-**	**12,806**	**43,767**	**4,038,554**	**7,183,788**	**-**
	2022	2,543,526	156,346	300,000	9,785	40,349	1,771,441	4,821,447	

[i] Appointed 1 May 2023.

[ii] Remuneration includes a portion of the notional value of equity compensation granted or outstanding during the year in accordance with Australian Accounting Standards. Share options are valued based on the Black Scholes model. Performance rights issued during the period under the long-term incentive plan have been valued on a Monte Carlo Simulation. The fair value of equity instruments which do not vest during the reporting period are determined as at the grant date and are progressively expensed over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest.
Includes performance rights for financial year 2023 granted but not yet issued.

Other than disclosed above, KMP did not receive any additional remuneration as part of their 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 24 November 2022, both share options and performance rights can be granted to eligible employees for no consideration.

The following table summarises the share-based payments granted, expired and exercised to executive officers in the current financial year.

Name	Grant Date	Balance at 1 July 2022	Granted	Expired	Lapsed	Exercised	Balance at 30 June 2023
A Collier	15/11/2021	615,541	-	-	-	-	615,541
	24/08/2021	785,590	-	-	-	(785,590)	-
	05/09/2022	-	781,120(i)	-	-	-	781,120
	29/07/2022	-	419,258(ii)	-	-	-	419,258
Total		**1,401,131**	**1,200,378**	**-**	**-**	**(785,590)**	**1,815,919**
Total ($)			**$290,163**			**$(202,595)**	
K Craig	15/11/2021	562,631	-	-	-	-	562,631
	24/08/2021	744,119	-	-	-	(744,119)	-
	05/09/2022	-	740,062(i)	-	-	-	740,062
	29/07/2022	-	419,258(ii)	-	-	-	419,258
Total		**1,306,750**	**1,159,320**	**-**	**-**	**(744,119)**	**1,721,951**
Total ($)			**$284,524**			**$(191,900)**	
J Ferravant	16/08/2019	2,818,965	-	-	(704,741)	(2,114,224)	-
	1/07/2020	967,296	-	-	-		967,296
	15/11/2021	644,420	-	-	-	-	644,420
	24/08/2021	744,119	-	-	-	(744,199)	-
	05/09/2022	-	888,072(i)	-	-	-	888,072
	29/07/2022	-	419,258(ii)	-	-	-	419,258
Total		**5,174,800**	**1,307,330**	**-**	**(704,741)**	**(2,858,343)**	**2,919,046**
Total ($)			**$304,853**		**$(87,036)**	**$(453,006)**	
L Gauvin	16/08/2019	1,551,724	-	-	(387,931)	(1,163,793)	-
	1/07/2020	471,216	-	-	-	-	471,216
	15/11/2021	425,802	-	-	-	-	425,802
	24/08/2021	604,526	-	-	-	(604,526)	-
	05/09/2022	-	601,857(i)	-	-	-	601,857
	29/07/2022	-	419,258(ii)	-	-	-	419,258
Total		**3,053,268**	**1,021,115**	**-**	**(387,931)**	**(1,768,319)**	**1,918,133**

Name	Grant Date	Balance at 1 July 2022	Granted	Expired	Lapsed	Exercised	Balance at 30 June 2023
Total ($)			**$265,541**		$(108,815)	**$(326,444)**	
S Nicholls	17/05/2018	2,500,000	-	-	-	-	2,500,000
	16/08/2019	5,172,414	-	-	(1,293,103)	(3,879,311)	-
	1/07/2020	2,671,580	-	-	-	-	2,671,580
	15/11/2021	1,779,687	-	-	-	-	1,779,687
	24/08/2021	1,253,254	-	-	-	(1,253,254)	-
	24/11/2022	-	2,488,266 (i)	-	-	-	2,488,266
	29/07/2022	-	660,493 (ii)	-	-	-	660,493
Total		**13,376,935**	**3,148,759**	-	**(1,293,103)**	**(5,132,565)**	**10,100,026**
Total ($)			**$615,785**		**$(159,698)**	**$(802,295)**	

(i) FY23 LTIP performance rights which will be tested for vesting on 30 June 2025.

(ii) FY23 STIP performance rights granted but not yet issued.

Key management personnel equity holdings

Name	Balance at 1 July 2022	Granted	Purchased	Sold	Exercised	Balance at 30 June 2023
Non-executive directors						
S Bizzell	15,756,452	-	-	-	-	15,756,452
M Hackett	601,117	-	-	-	-	601,117
J Hoffmann	-	-	-	-	-	-
N Power	17,612,885	-	1,400,000	-	-	19,012,885
J Poynton	14,591,080	-	-	-	1,408,920	16,000,000
A Seaton	630,434	-	-	-	5,000,000	5,630,434
Executive officers						
A Collier	966,071	-	-	-	785,590	1,751,661
K Craig	78,446	-	5,500,000	(150,000)	744,119	6,172,565
J Ferravant	6,283,173	-	328,465	(500,000)	2,858,343	8,969,981
L Gauvin	2,242,395	-	-	(699,143)	1,768,319	3,311,571
S Nicholls	6,462,042	-	-	(2,458,711)	8,132,565	12,135,896
Total	**65,224,095**	-	**7,228,465**	**(3,807,854)**	**20,697,856**	**89,342,562**

Key management personnel option holdings

Name	Balance at 1 July 2022	Granted	Purchased	Expired	Exercised	Balance at 30 June 2023
Non-executive directors						
S Bizzell	-	5,000,000	-	-	-	5,000,000
M Hackett	5,000,000	5,000,000	-	(5,000,000)	-	5,000,000
J Hoffmann	-	-	-	-	-	-
N Power	6,000,000	6,000,000	-	(6,000,000)	-	6,000,000
J Poynton	1,408,920	7,000,000	-	-	(1,408,920)	7,000,000
A Seaton	5,000,000	5,000,000	-	-	(5,000,000)	5,000,000
Executive officers						
A Collier	-	-	-	-	-	-
K Craig	1,000,000	-	-	(1,000,000)	-	-
J Ferravant	-	-	-	-	-	-
L Gauvin	-	-	-	-	-	-
S Nicholls	3,000,000	-	-	-	(3,000,000)	-
Total	**21,408,920**	**28,000,000**	**-**	**(12,000,000)**	**(9,408,920)**	**28,000,000**

Key terms of employment contracts as at 30 June 2023

Name	Term of agreement	Total fixed remuneration[i]	Variable remuneration	Notice period	Termination entitlement
A Collier	Full time - permanent	$425,292	Eligible to participate in the STIP and LTIP as determined by the board	3 months	12 months of total fixed remuneration if terminated for redundancy
K Craig	Full time - permanent	$425,292	Eligible to participate in the STIP and LTIP as determined by the board	3 months	12 months of total fixed remuneration if terminated for redundancy
J Ferravant	Full time - permanent	$425,292	Eligible to participate in the STIP and LTIP as determined by the board	3 months	12 months of total fixed remuneration if terminated for redundancy
L Gauvin	Full time - permanent	$425,292	Eligible to participate in the STIP and LTIP as determined by the board	3 months	12 months of total fixed remuneration if terminated for redundancy
S Nicholls	Full time - permanent	$670,000	Eligible for an annual incentive award pursuant to the STIP and also a LTIP incentive award up to 100% of total fixed remuneration as determined by the board	3 months	12 months of total fixed remuneration if terminated for redundancy. Entitled to payment on satisfactory completion of 6 month non-compete.

[i] Including superannuation

Shares under option or performance rights

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

Instrument/Grant date[i]	Expiry date	Fair Value	Exercise price	Number
Options – 24 Nov 2022	24 Nov 2023	$0.087	$0.40	28,000,000
			Total	**28,000,000**

Instrument/Grant date	Expiry date	Fair Value	Exercise price	Number
Milestone Performance rights [ii]	NA	$0.076	Nil	2,500,000
FY22 LTIP Performance rights [iv]	30 Sep 2024	$0.008	Nil	4,028,081
FY23 LTIP Performance rights [v]	30 Sep 2025	$0.132	Nil	2,488,266
FY23 LTIP Performance rights [v]	30 Sep 2025	$0.137	Nil	3,011,111
FY23 STIP Performance rights [vi]	23 Mar 2024	$0.436	Nil	660,493
			Total	**12,687,951**

[i] Vest from the grant date
[ii] Vest upon satisfaction of milestone objective of recognising a 2P reserve at the Southern Cooper Basin Gas Project.
[iii] FY21 LTIP performance rights which will be tested for vesting as at 30 June 2023.
[iv] FY22 LTIP performance rights which will be tested for vesting as at 30 June 2024.
[v] FY23 LTIP performance rights which will be tested for vesting as at 30 June 2024.
[vi] FY23 STIP performance rights granted but not yet issued.

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.

The following shares were issued to KMP during the year ended or since 30 June 2023 as a result of the exercise of options or performance rights.

Original Security	Issue Date	Number of Shares Issued
Performance Rights	4 August 2022	7,157,328
Performance Rights	13 September 2022	2,878,354
Performance Rights	23 December 2022	1,253,254
Performance Rights	15 August 2023	4,110,092
Performance Rights	17 September 2023	1,677,032
Options	1 August 2022	6,408,920
Options	4 August 2022	3,000,000
	Total	**26,484,980**

Transactions with key management personnel

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

- $21,000 (2022: $171) was paid to Mulloway Pty Ltd (a director related entity via Mr J Poynton) for the purchase of equipment.
- $6,371 (2022: $14,800) was paid to Myube Investments Pty Ltd (a director related entity of Mr N Power) for office rental.
- $9,263 (2022: $9,975) was paid to Prime Flight Unit Trust (a director related entity of Mr N Power) for hiring transport to operations.
- $470 (2022: $352) was paid to J Poynton for work-related expenses.

All transactions with related parties have been at arms-length and on standard commercial terms. There were no other transactions or balances with key management personnel other than in the ordinary course of business.

Historical Group performance

The table below summarises the Group's earnings and movements in shareholder wealth for the five years to 30 June 2023:

	2023	2022	2021	2020	2019
Sales Revenue $'000	-	-	-	-	-
Net profit/(loss) after tax $'000	(18,364)	(15,733)	6,780	(97,406)	(2,668)
Share price at start of year $	$0.255	$0.320	$0.210	$0.060	$0.145
Share price at end of year $	$0.440	$0.255	$0.320	$0.210	$0.060
Basic profit/(loss) per share (cents)	(0.80)	(0.77)	0.38	(0.06)	(0.21)
Diluted profit/(loss) per share (cents)	(0.80)	(0.77)	0.37	(0.06)	(0.21)
Market capitalisation ($ million)	1,113.9	519.6	645.2	358.3	92.6

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 or 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

There was no dividend paid to the holders of fully paid ordinary shares in the financial year ended 30 June 2023(2022: Nil).

Corporate Governance Statement

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

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 8.5 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 8.5 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 56.

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.

Subsequent events

Subsequent to 30 June 2023, Strike entered into a binding scheme implementation deed with Talon Energy Limited under which Strike will, subject to the satisfaction of various conditions, acquire all the issued shares in the capital of Talon by way of a scheme of arrangement. Pursuant to the Scheme, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held. In addition, Talon will demerge its Mongolian asset with the potential for its shareholders to retain an interest in the assets along with A$850,000 cash (less any costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) via a potential spin-out of those assets into a separate vehicle to be completed prior to implementation of the Scheme.

- As part of the transaction, Strike and Talon have entered into a binding facility agreement pursuant to which Strike has agreed to provide a A$6 million convertible financing facility to assist Talon fund its short-term working capital needs through the Scheme process. The key terms of this facility include: A maximum of A$6,000,000 provided in advances in accordance with an agreed budget.
- Establishment fee: 2%, commitment fee: 3.5% on undrawn funds, interest rate': BBSW plus 11% (capitalised).
- Maturity date: The earlier to occur of 30 days after the date on which Talon becomes a wholly owned subsidiary of Strike; 30 days after a person other than Strike or its subsidiaries becomes entitles to hold 50% or more of the Talon shares or otherwise acquires control of Talon; 60 days after termination of the Scheme Implementation Deed; 270 days following the date of the first advance.

DIRECTORS' REPORT (CONT'D)

- Conversion: Strike may by written notice on or before the relevant maturity date elect to convert the outstanding principal and capitalised amounts into fully paid ordinary Talon shares at the 5-day VWAP to 26 July 2023.
- Prepayment: The facility is to be prepaid out of net petroleum proceeds received by Talon from the sale of Walyering gas and condensate.

The Scheme is not expected to complete until December 2023 and on success would see Strike move to 100% equity in the L23/EP447 licenses and Walyering gas field.

With the exception of the above, there have been no other events subsequent to 30 June 2023 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.289(2) of the Corporations Act 2001.

On behalf of the Directors,

Stuart Nicholls
Managing Director and Chief Executive Officer
22 September 2023

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Strike Energy Limited
1/40 Kings Park Road
West Perth, WA 6005

22 September 2023

Dear Board Members

Auditor's Independence Declaration to 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 report of Strike Energy Limited for the year ended 30 June 2023, 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 faithfully

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

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 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
Perth, Western Australia
22 September 2023

05
FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

$'000	NOTE	30 June 2023	30 June 2022
Other income	2.2	4,045	4,064
Total income		**4,045**	**4,064**
Operating and administration expenses	2.2	(18,254)	(15,449)
Loss before financing and impairment		**(14,209)**	**(11,385)**
Finance income	5.2	3,151	22
Finance expenses	5.2	(7,164)	(4,085)
Net finance expenses		**(4,013)**	**(4,063)**
Impairment of exploration and evaluation assets	4.1	(3,083)	(235)
Loss before income tax		**(21,305)**	**(15,683)**
Income tax benefit/(expense)	2.3	2,941	(50)
Loss for the year from continuing operations		**(18,364)**	**(15,733)**
Other Comprehensive Income, Net of Income Tax			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on investments in equity instruments designated at FVTOCI net of income tax	3.6	20,998	(11,614)
Other comprehensive income/(loss) for the year net of income tax		20,998	(11,614)
Total comprehensive income/(loss) for the year		**2,634**	**(27,347)**
Total comprehensive income/(loss) attributable to Strike shareholders		**2,634**	**(27,347)**
Loss per share from continuing operations			
– Basic (cents per share)	2.4	(0.80)	(0.77)
– Diluted (cents per share)	2.4	(0.80)	(0.77)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

$'000	NOTE	30 June 2023	30 June 2022
Cash and cash equivalents	3.1	129,039	13,905
Trade and other receivables	3.2	1,015	2,119
Other assets	3.4	852	692
Total current assets		**130,906**	**16,716**
Right of use assets	8.2	1,389	111
Exploration and evaluation assets	4.1	136,932	129,106
Oil and gas assets	4.2	43,525	-
Property, plant and equipment	3.7	15,624	421
Intangible assets	3.5	1,295	1,628
Investment in equity instruments	3.6	-	10,264
Other assets	3.4	12,203	500
Total non-current assets		**210,968**	**142,030**
Total assets		**341,874**	**158,746**
Trade and other payables	3.3	(5,863)	(8,372)
Employee benefits	7.2	(598)	(512)
Provisions	4.3	(2,540)	(1,752)
Borrowings	5.1	(13,560)	-
Lease liabilities	8.2	(258)	(118)
Total current liabilities		**(22,819)**	**(10,754)**
Trade and other payables	3.3	-	(950)
Employee benefits	7.2	(258)	(188)
Provisions	4.3	(9,469)	(5,153)
Borrowings	5.1	(14,789)	(18,291)
Other liabilities	5.5	(5,574)	(6,485)
Lease liabilities	8.2	(2,119)	(51)
Total non-current liabilities		**(32,209)**	**(31,118)**
Total liabilities		**(55,028)**	**(41,872)**
Net assets		**286,846**	**116,874**
Equity			
Issued capital	5.3	450,893	301,339
Reserves	5.3	33,795	3,836
Accumulated losses		(197,842)	(188,301)
Total equity		**286,846**	**116,874**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

$'000	Issued Capital	Investment Revaluation Reserves	Share Based Payment Reserve	Accumulated Losses	Total Equity
Balance at 1 July 2021	**297,960**	**(562)**	**13,295**	**(172,568)**	**138,125**
Profit/(Loss) for the year	-	-	-	(15,733)	(15,733)
Other comprehensive income / (loss) for the year		(11,614)	-	-	(11,614)
Total comprehensive income/(loss) for the year	-	(11,614)	-	(15,733)	(27,347)
Recognition of share-based payments	-	-	4,206	-	4,206
Shares issued on exercise of share-based payments	3,379	-	(1,489)	-	1,890
Share issue costs	-		-	-	-
Balance at 30 June 2022	**301,339**	**(12,176)**	**16,012**	**(188,301)**	**116,874**
Balance at 1 July 2022	**301,339**	**(12,176)**	**16,012**	**(188,301)**	**116,874**
Profit/(Loss) for the year	-	-	-	(18,364)	(18,364)
Fair value gain on investments in equity instruments designated at FVTOCI	-	23,939	-	-	23,939
Tax on disposal of investments in equity instruments designated at FVTOCI	-	(2,941)	-	-	(2,941)
Other comprehensive income / (loss) for the year	-	20,998	-	-	20,988
Total comprehensive income/(loss) for the year	-	20,998	-	(18,364)	2,634
Recognition of share-based payments	-	-	18,841	-	18,841
Shares issued on exercise of share-based payments	20,272	-	(1,057)	-	18,765
Shares issued from capital raise	30,000	-	-	-	30,000
Share issue costs of capital raise	(1,200)	-	-	-	(1,200)
Shares issued as consideration pursuant to Warrego Share Purchase Agreements	53,099	-	-	-	53,099
Shares issued as consideration pursuant to the Warrego off-market takeover bid	47,383	-	-	-	47,383
Cumulative gain on investments in equity instruments designated at FVTOCI transferred to retained earnings upon disposal	-	(8,822)	-	8,822	-
Balance at 30 June 2023	**450,893**	**-**	**33,796**	**(197,843)**	**286,846**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

$'000	NOTE	30 June 2023	30 June 2022
Cash flows from operating activities			
Interest received		482	22
Interest paid		(3,261)	(369)
Net receipts from joint operations recoveries		2,769	3,115
Payments to suppliers and employees		(12,338)	(13,518)
Other receipts		177	1,050
R&D refund		-	509
Net cash used in operating activities	**3.1**	**(12,171)**	**(9,191)**
Cash flows from investing activities			
Payments for exploration, evaluation, expenditure assets		(36,194)	(52,946)
Payments for oil and gas assets		(16,307)	-
Government grants received		-	1,800
Payments of deposits		-	(500)
Payments for equity instruments designated as FVTOCI	3.6	-	(11,739)
Proceeds from disposal of equity instruments designated at FVTOCI		135,735	-
Payments made for property, plant and equipment		(14,992)	(391)
Net cash provided by/(used in) investing activities		**68,242**	**(63,776)**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		49,214	1,889
Payment of share issue costs		(1,200)	-
Lease incentives received		1,000	-
Payment of lease liability		(198)	(109)
Proceeds from borrowings		11,550	10,500
Payment of borrowing costs		(1,684)	-
Term deposit (deposit)/ maturity		531	(33)
Net cash provided by financing activities		**59,213**	**12,248**
Net increase/(decrease) in cash and cash equivalents		115,284	(60,719)
Cash and cash equivalents at the beginning of the year		13,905	74,724
Effects of exchange rate changes on the balances of cash held in foreign currencies		**(150)**	**(100)**
Cash and cash equivalents at the end of the year	**3.1**	**129,039**	**13,905**

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

Section 1: Basis of Preparation

1.1 Corporate information

Strike Energy Limited (the "Company", "Strike" or "Parent") 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.

The financial report of Strike as at and for the year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint arrangements. The financial report was approved by the Board of Directors (the "Directors") on 22 September 2023.

The nature of the operational and principal activities of the Group are described in the Directors Report.

The address of the registered office of the Company is Level 1/40 Kings Park Road, West Perth WA 6005.

1.2 Statement of Compliance

The Group's Financial Statements as at and for the year ended 30 June 2023:

- is a general purpose financial report;
- is prepared on a going concern basis (discussed further in Note 1.3);
- has been prepared in accordance with the Corporations Act 2001;
- has been prepared in accordance with accounting standards and interpretations in this report, which encompass the:
  - Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board.
  - International Financial Reporting Standards and Interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- is presented in Australian Dollars ("AUD"), which is both the Company's and the Group's functional currency. Amounts are rounded to the nearest thousand dollars, unless otherwise stated, in accordance with ASIC (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- includes significant accounting policies in the notes to the Financial Statements that summarise the recognition and measurement basis used and are relevant to the understanding of the Financial Statements;
- adopts all new and amended standards and interpretations issued by the relevant bodies (listed above), that are mandatory for application beginning on or after 1 July 2022. None had a significant impact on the Financial Statements.
- has not early adopted any standards and interpretations that have been issued or amended but are not yet effective.

1.3 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 extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

For the year ended 30 June 2023, the Group generated a net loss after income tax of $18,364,000 (2022: net loss after income tax of $15,733,000), had a net cash outflow from operating activities of $12,171,000 (2022: $9,191,000 outflow), and a net cash outflow from investing activities of $68,242,000 (2022: $63,776,000 outflow). As at 30 June 2023, the Group had a net current asset surplus position of $108,087,000 (2022: $5,962,000) and cash reserves of $127,877,000 (2022: $13,905,000).

During the year, the Directors have prepared a cash flow forecast for the period ending 31 October 2024 which indicates the Group will have sufficient working capital for at least a period of 12 months from the date of this report to fund planned operating costs, planned exploration, evaluation and development expenditure and to pay its debts as and when they fall due.

The Directors believe that the going concern basis of preparation is therefore appropriate.

1.4 Use of estimates and judgements

The Group has identified a number of critical accounting policies under which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions. This may materially affect financial results and the carrying amount of assets and liabilities to be reported in the next and future periods. These estimates and underlying assumptions are reviewed on an ongoing basis.

Additional information relating to these critical accounting policies is embedded within the following notes:

Note	
2.2	Cost recoveries from JV partners
2.3	Income tax
4.1	Exploration and evaluation assets (including distinguishing between Exploration and evaluation assets and Development Assets)
4.2	Oil and gas assets
4.3	Restoration obligations and other provisions
5.3	Option valuation
5.5	Government grants

The Board and management have considered the impact of external influences, such as the geopolitical unrest in Eastern Europe and the COVID-19 pandemic, on the Group's operations and financial performance and have noted that Strike may be exposed to risks, such as supply chain disruptions, inflation and volatile commodity prices.

In preparing the consolidated financial report, management has considered the impact of these influences on the various balances and accounting estimates in the financial report, including the carrying values of exploration and evaluation and oil and gas assets. Management determined that there was no significant impact on these balances and accounting estimates.

The Company remains well positioned to execute its strategy due to the domestic nature of the business. There were no material impacts on the Financial Report as at 30 June 2023. The Company will continue to monitor any future consequences due to the potential uncertainty in the medium to long term.

1.5 Foreign Currencies

The functional and presentation currency is in Australian dollars. 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.

Section 2: Financial Performance

2.1 Segment reporting

For management purposes the Group has one reportable segment being Exploration, Development and Production activities related to Oil & Gas in Western Australia. This sole segment is reported to the Board (the chief operating decision maker as defined by AASB 8 Operating Segments) 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.

2.2 Other income and expenses

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

For the year ended $'000	30 June 2023	30 June 2022
(a) Other income		
Cost recoveries from JV partners[(i)]	2,819	3,115
Gain on financial derivative[(ii)]	1,049	-
Other[(iii)]	177	949
Total Income	**4,045**	**4,064**

(i) In line with the joint operating agreements, the Group, as JV operator, charges the joint arrangements with all costs incurred in carrying out the operations, including labour and overhead costs. Payments recovered through the joint venture partners relating to labour and overhead costs are recognised as other income.

(ii) During the year, Strike entered into a Share Purchase Agreement (SPA) with sophisticated investors to acquire 149,177,008 shares in Warrego Energy Limited in exchange for 149,177,008 shares in Strike Energy Limited. Upon execution of all agreements, a gain of $1 million was recognised for the difference in fair value at the transfer date between the transferred Warrego and Strike shares.

(iii) Other income related to rent received.

For the year ended $'000	30 June 2023	30 June 2022
(b) Operating and administration expenses		
Depreciation and amortisation	(621)	(560)
Employee benefits expense	(4,489)	(5,838)
Share-based payments expense	(4,903)	(2,514)
Corporate expenses	(1,556)	(1,477)
Legal fees	(782)	(411)
Consulting fees	(4,287)	(3,475)
Office costs	(43)	(40)
Other[iv]	(1,573)	(1,134)
Total Operating and administration expenses	**(18,254)**	**(15,449)**

[iv] In December 2022, the Group entered into a new office lease agreement. In accordance with accounting standards, an onerous lease provision for the costs of fulfilling the existing contract were recognised for the existing office lease during the half year report. However, Strike entered into an early termination agreement for the existing office lease. As a result, the onerous loss provision was removed (see Note 4.3) and a termination loss of $0.01 million recorded in the income statement, consisting of the termination penalty and the difference between the carrying amounts of the right of use asset and lease liability.

Other income associated with joint venture arrangements

In line with the joint operating agreements, the Group, as JV operator, charges the joint arrangements for all costs incurred in carrying out the operations. The Group recognises labour and overhead expenditures that are recoverable from external joint venture partners as "cost recoveries from JV partners" in other income. Only the Group's share of exploration expenditure incurred is capitalised into the respective area of interest.

2.3 Income tax

For the year ended $'000	30 June 2023	30 June 2022
Income tax recognised in the statement of comprehensive income		
Tax benefit/(expense) comprises:		
Current tax benefit in respect of the current year	10,847	14,172
Benefit arising from previously unrecognised tax losses, tax credits or temporary difference of a prior period that is now recognised	2,941	-
Eligible R&D expense	-	(50)
Deferred tax expense relating to the origination and reversal of temporary differences	(9,577)	(8,616)
Deferred tax expense not brought to account	(1,270)	(5,556)
Total income tax benefit/(expense) relating to continuing operations	2,941	(50)
Gain on equity instruments designated at FVTOCI	11,762	-
Less: Tax expense attributable to OCI	(2,941)	-
Other comprehensive income for the period, net of income tax	**8,821**	**-**

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 2023	30 June 2022
Reconciliation of effective tax rate		
Loss from continuing operations before income tax	(21,305)	(15,683)
Income tax benefit calculated at 25% (2022: 25%)	5,326	3,921
Effect of income and expenditure that is either not assessable or deductible	(1,313)	(1,269)
Recognition and recovery of prior year tax losses	2,941	-
Effect of tax concessions (research and development and other allowances)	-	(50)
Effect of deferred tax arising from equity	(2,744)	2,904
Effect of deferred tax expense not brought to account	(1,269)	(5,556)
Income tax benefit/(expense) at 30 June 2023	**2,941**	**(50)**

The tax rate used in the above reconciliation is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax balances

For the year ended 30 June 2023

$'000	Opening balance	Impact of tax rate changes & under/over	Recognised in profit or loss	Recognised in equity	Other taxable income / deductions	Closing balance
Temporary differences						
Exploration and evaluation assets	(27,815)	-	(8,379)	-	(56)	(36,249)
Accrued interest income	-	-	(290)	-	-	(290)
Borrowings	79	-	340	-	-	419
Other	386	-	648	-	-	1,034
Provisions	1,901	-	1,315	-	-	3,216
Deferred income	1,250	-	(167)	-	-	1,082
Property, plant and equipment	(36)	-	11	-	-	(25)
Temporary differences	(24,233)	-	(6,523)	-	(56)	(30,812)
Investment revaluation reserve	3,044	-	-	(3,044)	-	-
Business capital expenditure (Section 40-880)	712	-	88	(42)	-	758
Total temporary differences	**(20,479)**	**-**	**(6,435)**	**(3,086)**	**(56)**	**(30,054)**
Unused tax losses and credits						
Revenue	34,518	-	10,847	-	-	45,365
Revenue subject to available fraction	14,191	-	-	-	-	14,191
Capital in nature	10,945	(63)	(3,203)	-	-	7,679
Capital in nature subject to available fraction	289	-	-	-	-	289
Total unused tax losses/ credits	**59,943**	**(63)**	**7,644**	**(3,086)**	**(56)**	**67,524**
Deferred tax Assets/ (Liabilities)	**28,230**	**-**	**4,413**	**(3,086)**	**(56)**	**29,501**

For the year ended 30 June 2022

$'000	Opening balance	Impact of tax rate changes & under/over	Recognised in profit or loss	Recognised in equity	Other taxable income / deductions	Closing balance
Temporary differences						
Exploration and evaluation assets	(16,308)	627	(12,134)	-	-	(27,815)
Borrowings	93	(4)	(10)	-	-	79
Other	23	(1)	364	-	-	386
Provisions	1,418	(55)	538	-	-	1,901
Deferred income	1,300	(50)	-	-	-	1,250
Property, plant and equipment	(9)	-	(27)	-	-	(36)
Temporary differences	(13,843)	517	(11,269)	-	-	(24,235)
Investment revaluation reserve	146	(6)	-	2,904	-	3,044
Business capital expenditure (Section 40-880)	1,000	(38)	56	(306)	-	712
Total temporary differences	**(12,337)**	**473**	**(11,213)**	**2,598**	**-**	**(20,479)**
Unused tax losses and credits						
Revenue	21,129	(783)	14,172	-	-	34,518
Revenue subject to available fraction	14,759	(568)	-	-	-	14,191
Capital in nature	11,384	(439)	-	-	-	10,945
Capital in nature subject to available fraction	301	(12)	-	-	-	289
Total unused tax losses/ credits	**47,453**	**(1,802)**	**14,172**	**-**	**-**	**59,943**
Deferred tax Assets/ (Liabilities)	**23,551**	**(878)**	**2,959**	**2,598**	**-**	**28,230**

Income tax recognised directly in equity
$2.94 million income tax was charged directly to equity during the period (2022: 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 2023	30 June 2022
Tax losses – revenue	45,365	34,518
Tax losses – revenue subject to available fraction	14,191	14,191
	59,556	48,709
Temporary differences (deferred tax asset)	6,509	7,372
Temporary differences (deferred tax liability)	(36,564)	(27,851)
Net unrecognised deferred tax assets	**29,501**	**28,230**

The Group has gross tax losses arising in Australia of $239,623,924 (2022: $196,236,420). The Group has capital losses arising in Australia of $31,878,603 (2022: $44,939,969).

Under the tax consolidation regime, the available fraction rule is applied to tax losses held by an entity joining a consolidated tax group. The available fraction limits the annual rate at which transferred losses may be claimed by the head company.

The Group has recognised a deferred tax asset in relation to these losses to the extent necessary to offset deferred tax liabilities. No net deferred tax assets have been recognised as at 30 June 2023 (2022: nil), as a result of it not currently being deemed probable that sufficient taxable profits will be generated by the Group to utilise those unrecognised deferred tax assets. The ability to recover these deferred tax assets will be assessed at each reporting date.

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 6.3(b).

(a) Income tax expense

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except in relation to items recognised directly in equity.

Current tax is the amount of income tax payable on the taxable profit or loss 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.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

The Company and all of its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Strike Energy Limited is the head entity in the tax-consolidated group. The head entity and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The Company and the other entities in the tax-consolidated group have entered into a tax funding agreement and a tax sharing agreement.

Sales tax, value added tax and goods and services tax
All amounts (excluding cash flows) are shown exclusive of sales tax 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 and GST.

Key judgement and estimates
Income taxes
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.

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.

2.4 Earnings per share
The earnings 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 year ended ($'000)	30 June 2023	30 June 2022
Loss used in the calculation of basic earnings per share from continuing operations	(18,364)	(15,733)
Earnings used in calculating basic and diluted earnings per share	**(18,364)**	**(15,733)**
Number of shares ('000)	2,531,552	2,037,696
Weighted average number of ordinary shares used in calculating basic earnings per share ('000)	2,296,462	2,032,461
Diluted profit/(loss) per share:		
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)	2,296,462	2,032,461
The number of instruments which are potential ordinary shares that are not dilutive and hence not used in the valuation of diluted earnings per share but could potentially dilute basic earnings per share in the future ('000)	110,800	11,909
Basic earnings per share (cents per share)	(0.80)	(0.77)
Diluted earnings per share (cents per share)	(0.80)	(0.77)

Recognition and measurement

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.

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.

2.5 Dividends

No dividends have been declared or paid during the year (2022: Nil)

Section 3: Working Capital Management

3.1 Cash and cash equivalents

As at $'000	30 June 2023	30 June 2021
Cash at bank[i]	22,877	13,905
Term deposits	105,000	-
Term deposits interest receivable	1,162	-
Total cash and cash equivalents	**129,039**	**13,905**

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

Recognition and measurement

Cash and cash equivalents comprise of cash on hand and highly liquid cash deposits with short-term maturities and are readily convertible to known amounts of cash with insignificant risk of change in value. The Group considers that the carrying value of cash and cash equivalents approximate fair value due to their short term to maturity.

Cash flow reconciliation

$'000	30 June 2023	30 June 2022
Reconciliation of net profit after tax to net cash flows from operations:		
Loss for the period	(18,364)	(15,733)
Adjustments to reconcile profit after tax to net cash flow:		
Depreciation and amortisation	621	560
Share-based payments expense	4,903	2,514
Restoration Unwind	382	525
Impairment expense	3,083	235
Exploration expense	2	1
Debt costs	3,855	2,684
Other Expense	4	-
Right-of-use asset depreciation	128	78
Interest/Foreign exchange capitalized	150	(932)
Other income – profit on derivatives	(1,049)	-
Other income – gain on debt modification	(1,507)	-
Income tax benefit recognised in profit or loss	(2,941)	50
(Increase)/ decrease in trade and other receivables	(1,201)	2,008
Decrease in trade and other payables	(394)	(1,333)
Increase in employee benefits	156	152
Net cash provided by operating activities	**(12,171)**	**(9,191)**

Reconciliation of liabilities arising from financing activities

For the year $'000	Lease Liability	Macquarie[i]	Rabobank[i]	Total
Balances at 1 Jul 2022	***169***	***20,882***	-	***21,051***
Financing cash flows	-	5,550	6,000	11,550
Non-cash changes	2,209	48	-	2,257
Balance at 30 Jun 2023	**2,378**	**26,480**	**6,000**	**34,858**

[i] Refer to note 5.1 for details.

Balances at 1 July 2021	**278**	**9,134**	-	**9,412**
Financing cash flows	-	10,500	-	10,500
Non-cash changes	(109)	1,248	-	1,139
Balance at 30 June 2022	**169**	**20,882**	-	**21,051**

3.2 Trade and other receivables

As at $'000	30 June 2023	30 June 2022
Current		
GST receivable	786	354
Other receivables – joint venture recoveries	229	1,765
Total trade and other receivables (current)	**1,015**	**2,119**
Total trade and other receivables	**1,015**	**2,119**

Trade and other receivables are initially recognised at fair value, which is generally equivalent to cost. Trade and other receivables are non-interest bearing.

The Group measures a provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors. The Group writes off a receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery, for example, when a debtor enters bankruptcy or financial reorganisation. No material impairment existed at balance date (2022: Nil). There were no amounts that were past due at balance date (2022: Nil).

3.3 Trade and other payables

As at $'000	30 June 2023	30 June 2022
Trade payables	492	3,402
Accruals and other payables[i]	5,371	5,920
Total trade and other payables	**5,863**	**9,322**
Total trade and other payables (current)	**5,863**	**8,372**
Total trade and other payables (non-current)	-	**950**[i]

[i] In FY22, the Group accrued $950,000 management fee under the AGIG early works agreement detailed in Note 4.1. The amount was payable by the Company through the future tariff should the development of West Erregulla occur or become due and payable by the Company if the early works agreement is cancelled. In FY23, the agreement was not extended and the fee was paid as part of the final termination invoice.

Trade and other payables are initially recognised at fair value, are non-interest bearing and are normally settled within 30 days (2022: 30 days). The carrying amounts of trade and other payables are considered to approximate their fair values due to their short-term nature.

3.4 Other assets

As at $'000	30 June 2023	30 June 2022
Current		
Advances[(i)]	210	25
Security Deposits[(ii)]	170	204
Prepayments	472	463
Total current assets	**852**	**692**
Non-Current		
Security Deposits[(ii)]	666	500
Capitalised debt costs[(iii)]	11,537	-
Total non-current assets	**12,203**	**500**

Other assets are initially recognised at fair value, which in practice is equivalent to cost, less any impairment losses. The fair value of Other Assets approximates their carrying value.

(i) Advances represent payments made to the operations of the Group's joint arrangements, which will be used for exploration and evaluations activities in the future.

(ii) Security deposits relate to cash provided to secure leasing, mortgaged land and project obligations. The weighted average interest is 0% (2022: 0%).

(iii) With reference to Note 5.1, Strike issued options to Macquarie Bank Limited for Facility C (Tranche C1 and C2) and Facility D during the current year. The cost of these options were capitalised. At 30 June 2023, Tranche C2 and Tranche D were not drawn and the unamortised portion of the capitalised debt costs (Tranche C2 $0.3 million and Tranche D $11.2 million) are recognised as a non-current asset.

3.5 Intangible Assets

As at $'000	30 June 2023	30 June 2022
Balance at beginning of year[(i)]	**1,628**	**2,000**
Additions	-	-
Amortisation	(333)	(372)
Balance at end of year	**1,295**	**1,628**
Cost	**2,000**	**2,000**

(i) Represents finite life intangible assets relating to the first tranche consideration for the acquisition of Mid West Geothermal Power Pty Ltd on 20 May 2021. The intangible asset has a useful life of 6 years in line with the term of the Geothermal Exploration Permit (GEP) and has been amortised on a straight-line basis.

Contingent consideration in connection with the purchase of individual assets outside of business combinations is recognised as a financial liability only when the consideration is contingent upon future events that are beyond Strike's control. In cases where the payment of contingent consideration is within Strike's control, the liability is recognised only as from the date when a non-contingent obligation arises. Contingent consideration linked to the purchase of individual assets primarily relates to future contingent payments based on the results of future geothermal exploration activity. Once a non-contingent obligation arises the amounts payable under the contingent consideration arrangement will be capitalised as part of the asset cost as they are considered an incremental cost of the asset and therefore directly related to the initial asset. There has been no provisions raised in the current year relating to the additional consideration tranches as these trigger events have not occurred.

Changes in the fair value of financial assets and financial liabilities from contingent consideration are recognised as other operating income or other operating expenses, except for changes due to interest rate fluctuations and the effect from unwinding discounts. Interest rate effects from unwinding of discounts as well as changes due to interest rate fluctuations are recognised in financial income or financial expenses.

In accordance with AASB138 Intangible Assets, the Group capitalises amounts paid for the acquisition of identifiable intangible assets where it is considered that there is a probability of future economic benefit. These assets, classified as finite life intangible assets, are carried in the balance sheet at the fair value of consideration paid less accumulated amortisation and impairment charges. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives.

Where indicators of impairment exist for intangible assets, in the absence of quoted market prices, estimates are made regarding the present value of future post-tax cash flows. These estimates require management judgement and assumptions and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets at each reporting date. The estimates are made from the perspective of a market participant and include prices, future production volumes, operating costs, tax attributes and discount rates

3.6 Investment in Equity Instruments

As at **$'000**	**30 June 2023**	**30 June 2022**
Equity instruments at fair value through other comprehensive income ("OCI") – shares in listed companies		
Warrego Energy Limited		
Balance at beginning of year(i)	**10,264**	**10,350**
Acquisition of Warrego shares(i)	-	11,528
Acquisition of Warrego shares – SPA(ii)	53,440	
Acquisition of Warrego shares – Takeover bid(iii)	48,092	
Revaluations to fair value (iv)	23,939	(11,614)
Disposal of Warrego shares – Acceptance of Hancock offer(iv)	(135,735)	
Balance at end of year	-	**10,264**

(i) On 16 July 2021, Strike became a substantial shareholder of Warrego Energy Limited on 16 July 2021 to increase its economic interest in the West Erregulla Project and held 93,312,610 Warrego shares. The shares were purchased for $22.4 million. At 30 June 2022, these shares were revalued to $10.3 million fair value.

(ii) During the year, Strike entered into a share purchase agreement (SPA) with sophisticated shareholders to acquire 149,177,008 shares in Warrego Energy Limited in exchange for 149,177,008 shares in Strike Energy Limited. The fair value of the Warrego shares at the time of the execution of the SPA contracts amounted to $53.4 million, being the share price of Warrego at that time. As the SPA is deemed to be a financial derivative, the scrip consideration in the form of the Strike shares issued were valued at $53.1 million being the share price of Strike shares at the time (see Note 5.3) with the difference in fair value recognised as a gain on derivative of $0.3 million (see Note 2.2).

(iii) During the year, Strike opened an off-market takeover bid to acquire ordinary shares issued in the capital of Warrego that it did not already own. Strike acquired 134,551,147 shares in Warrego for scrip consideration of 134,551,147 fully paid ordinary shares in Strike. The fair value of the Warrego shares at the time of the acceptances of the takeover bid amounted to $47.4 million, being the share price of Warrego at that time. The Strike shares issued as scrip consideration were recognised at fair value of $47.4 million, being the share price of Strike shares at the time (see Note 5.3) with the difference in fair value recognised as a gain on derivative of $0.7 million (see Note 2.2).

(iv) Including the 93,312,610 Warrego shares already owned by Strike, Strike owned a total of 377,040,765 Warrego shares, after execution of the SPA and close of the off-market takeover bid, in February 2023. During the bidding period, there were competing takeover bid offers from Beach Energy and Hancock Energy. Hancock secured majority control of Warrego and Strike formally accepted Hancock's off-market takeover of Warrego for $0.36 cash consideration per Warrego share in respect of all the 377,040,765 Warrego shares held by Strike for a total cash consideration of $136 million. Prior to disposal, all of the Warrego shares owned by Strike were revalued to fair value of $0.36 per share resulting in an upward valuation of $23.9 million which was designated through OCI. A $2.94 million tax expense was recorded against the fair value gain, resulting in a net gain recognised in OCI of $21 million.

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its listed equity investments under this category.

The Company categorises the fair value measurement of the investment in equity instruments as level 1 because the inputs were derived from quoted prices for that financial instrument.

3.7 Property, plant and equipment

$'000	IT Equipment	Leasehold(i)	Work in progress	Land(ii)	Total property plant and equipment
Balance as at 01 July 2021	**107**	**102**	**13**	**-**	**222**
Additions	98	290	-	-	388
Depreciation	(68)	(121)	-	-	(189)
Balance as at 30 June 2022	**137**	**271**	**13**	**-**	**421**
Movement for the year ended 30 June 2023					
Additions	228	1,040	-	14,224	15,492
Depreciation	(81)	(207)	-	-	(288)
Balance as at 30 June 2023	**284**	**1,103**	**13**	**14,224**	**15,624**
As at 30 June 2023					
Cost	683	1,476	13	14,224	16,396
Accumulated Depreciation	(399)	(372)	-	-	(772)
Net book value as at 30 June 2023	**284**	**1,103**	**13**	**14,224**	**15,624**

(i) In December 2022, Strike entered into a new office lease agreement and performed fit-out works.
(ii) On 14 September 2022, Strike acquired 3,500 hectares of freehold farming land in the Three Springs Shire to house the Mid West Low Carbon Manufacturing Precinct ('the Precinct') for $14.2 million.

Section 4: Resource Assets

4.1 Exploration and evaluation assets

For the year ended $'000	30 June 2023	30 June 2022
Balance at beginning of year	**129,106**	**73,118**
Additions	32,384	54,749
Change in restoration provision(i)	2,416	1,474
Transfers to oil and gas assets in development(ii)	(23,891)	-
Impairment	(3,083)	(235)
Balance at end of year	**136,932**	**129,106**

(i) Refer to note 4.3 for more detail.
(ii) Refer to note 4.2 for more detail.

Impairment charge

During the financial year, the Group recognised a $3.1 million impairment charge (2022: $0.2 million) for its Cooper Basin assets which mainly relates to an increase in the rehabilitation costs relating to PEL96. Refer to note 4.3 for further information with respect to changes in rehabilitation costs during the period.

Early works agreement

In 2021, Strike entered into the early works agreement (EWA) with Australian Gas Infrastructure Group (AGIG) for a West Erregulla Phase 1 gas development project. Under the EWA, Strike AGIG with security payments for its share of costs associated with the services completed under the EWA, which included various work streams and studies associated with advancing the West Erregulla project towards making a potential final development decision. Upon execution of the services agreements, the security payments would subsequently be refunded and rolled into the fixed processing fee.

During the year ended 30 June 2023, Strike did not extend the EWA resulted in the cessation of the agreement. Strike paid a final invoice of $2.5 million. The total cash payments made by Strike amounted to $11.6 million (FY22: $9.1 million) and these payments were utilised to reimburse AGIG for costs incurred to the date of termination. The underlying assets, including the related intellectual property, were to the Company and the Company's joint venture partner, Warrego Energy, from AGIG.

The cash payments include the management fee detailed in Note 3.3 and have been recognised as exploration and evaluation expenditure.

Recognition and measurement

Exploration and evaluation expenditure recognised is accumulated in respect of each identifiable area of interest. 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.

Exploration and evaluation expenditure that are capitalised may include costs of licence acquisitions, technical services and studies, seismic acquisitions, exploration drilling and testing, directly attributable overhead and administration expenses and, if applicable, the estimated costs of retiring the assets. Any costs incurred prior to the acquisition of the legal rights to explore an area are expensed as incurred.

The carrying amounts of the Group's non-financial assets are reviewed at least annually to determine whether there is any indication of impairment. Exploration and evaluation assets are reviewed for indicators of impairment including expiry of tenure over the licence, planned expenditure over an interest, forward looking assessments of geo-technical and/or commercially viable quantities of hydrocarbons, and discontinued activities in a specific area. Once an indicator of impairment exists, a formal estimate of the recoverable amount is made. This may result in a write down of the carrying value of the 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.

Upon approval for commercial development of an area of interest, the accumulated expenditure for that area of interest is transferred to developments assets.

When production commences, the accumulated costs for the relevant area of interest are tested for impairment and the balance is transferred to oil and gas production assets. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Key judgements and estimates

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.

Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs.

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. This assessment requires management to make certain estimates and apply judgement in determining assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method to determine the recoverable amount for each area of interest to which the exploration and evaluation expenditure is attributed.

4.2 Oil and gas assets

For the year ended $'000	30 June 2023	30 June 2022
Assets in development		
Balance at beginning of year	-	-
Additions	17,327	-
Change in restoration provision[(i)]	2,307	-
Transfers from exploration and evaluation assets[(ii)]	23,891	-
Balance at end of year	**43,525**	**-**

(i) Refer to note 4.3 for more detail.

(ii) In August 2022, the EP447 Joint Venture made a final investment decision (FID) with respect to the Walyering project and sanctioned the Walyering gas field for development. In accordance with AASB 6, upon making FID, the exploration assets associated with the Walyering project were assessed for impairment immediately prior to reclassification oil and gas assets. There were no indicators of impairment and the accumulated exploration and evaluation expenditure at that point in time of $23.9 million was transferred to assets in development within oil and gas assets.

Key judgements and estimates

Development assets are assessed for impairment indicators on a cash generating unit (CGU) basis half yearly to determine whether there is any indication of impairment. Indicators of impairment include but are not limited to changes in future selling prices, future operating and capital costs and reserves and resources. When assessing whether potential indicators of impairment exist the Group takes into account current performance of the related CGU, and a range of possible future commodity prices are considered. If any such indication exists, the asset's recoverable amount is tested in accordance with the requirements of AASB 136 Impairment of assets.

The recoverable amount of an asset or CGU is determined as the higher of its value in use and fair value less costs of disposal. Value in use is determined by estimating future cash flows based on reserves and in some cases resources after taking into account the risks specific to the asset and discounting it to its present value using an appropriate discount rate. No impairment trigger was identified at 30 June 2023.

At the date of the final investment decision (FID) was made with respect to Walyering, and the accumulated exploration and evaluation expenditure associated with the Project was transferred to Oil & Gas Properties, the present value of future cash flows were estimated using the current life of field model, pricing based on the gas supply agreement for a gross 36.5 PJ of gas over five years to Santos WA Limited. Beyond the five years, a long run uncontracted volume price of $A8/GJ was used based on forward gas prices. A pre-tax discount rate of 10% was used. No impairment arose as a result of the impairment assessment at the date of FID.

Recognition and measurement

Oil and gas assets refer to one or more oil or gas fields in development for future production or are in the production phase.

Assets in development

After demonstration of technical and commercial feasibility of an undeveloped oil or gas field and approval for commercial development, the asset commences the development phase and is reclassified from exploration and evaluation. Expenditure related to the development and construction of the asset that are necessary to bring it to commercial production, as well as the exploration and evaluation expenditure, have been capitalised to the oil and gas asset. The exploration and evaluation costs were tested for impairment prior to reclassification to development. There were no indicators of impairment and the accumulated exploration and evaluation expenditure at that point in time of was transferred to assets in development within oil and gas assets. The accumulated costs capitalised to the oil and gas asset in development will be transferred to oil and gas producing assets after commercial operation and production occurs.

4.3 Restoration obligations and other provisions

Restoration and rehabilitation
As at

$'000	30 June 2023	30 June 2022
Balance at beginning of year	**6,905**	**4,906**
Provisions made during the year(i)	5,708	1,474
Provisions used during the year(ii)	(986)	-
Restoration Unwind	382	525
Balance at end of year	**12,009**	**6,905**
Current	2,540	1,752
Non-current	9,469	5,153
Total provisions at the end of the year(iii)	**12,009**	**6,905**

(i) During the year ended 30 June 2023, Strike commenced development of the Walyering Processing Facility. As a result, Strike recognised the restoration provision for Walyering ($2.1 million). The future inflation rate estimates were revised to the average rate over the last 5 years and the discount rate is based on the long term risk free rate aligned with the field life. This resulted in a $0.6 million upward revision for West Erregulla, South Erregulla, Walyering wells and the Aldinga asset in PEL95. In the current year, an upward estimate revision of $2.5 million was made for the PEL96 asset in the Cooper Basin in line with the estimate by DEMS and increased costs due to current market conditions. Additionally, a restoration provision increase of 0.3 million was recorded for PEL94 and PEL95 (Marsden) for updated restoration costs that were completed in FY23.

(ii) During the 2023 year, the rehabilitation for the PEL94 and PEL95 (Marsden) assets was completed.

(iii) In December 2022, the Group entered into a new office lease agreement. In accordance with accounting standards, an onerous lease provision for the costs of fulfilling the existing contract were recognised for the existing office lease during the half year report. However, Strike entered into an early termination agreement for the existing office lease. As a result, the onerous loss provision was removed and a termination loss of $0.01 million recorded in the income statement, consisting of the termination penalty and the difference between the carrying amounts of the right of use asset and lease liability (see Note 2.2). At 30 June 2023, there were no other provisions other than restoration and rehabilitation provisions.

Recognition and measurement

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.

Rehabilitation

Rehabilitation obligations arise for future removal and environmental restoration costs of exploration and evaluation, and production activities. The cost to abandon wells, remove facilities and rehabilitate affected areas is based on the extent of work required under current legal requirements. Provisions for the cost of each rehabilitation are recognised at the time that the environmental disturbance occurs and capitalised as part of the associated asset cost.

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. Costs capitalised as part of the asset are expensed as depreciation or depletion once the asset reaches commercial production.

At each reporting date, the rehabilitation liability is re-measured to account for any new obligations, 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 within exploration and evaluation assets.

Key judgements and estimates

In most instances, the removal of assets will occur many years in the future, which is expected to be up to 20 years in the future. The estimate of future removal and rehabilitation costs therefore requires management to make judgements regarding the removal date, future environmental legislation and the extent of restoration activities required.

These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Section 5: Capital Structure

Capital management

The Group maintains 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 and safeguard its ability to continue as a going concern.

5.1 Borrowings

As at $'000	30 June 2023	30 June 2022
Macquarie facility – principal and interest payable(i)	26,480	20,882
Macquarie facility - capitalised debt costs(ii)	(4,131)	(2,591)
Rabobank facility(iii)	6,000	-
Total borrowings	**28,349**	**18,291**
Total current borrowings(iv)(v)	**13,560**	
Total non-current borrowings(v)	**14,789**	**18,291**

(i) Includes accrued interest of $0.23 million (2022: $0.18 million).

(ii) Capitalised debt costs relate to unamortised debt costs for Tranche A, Tranche B and Tranche C1. As Tranches C2 and D were not drawn down at 30 June 2023, the respective capitalised debt costs amounting to $11.5 million have been classified as other non-current assets (see Note 3.4).

(iii) During the year ended 30 June 2023, Strike secured a $6 million agricultural finance facility from Rabobank Australia Limited to support the acquisition of the Precinct property. The facility expires on 31 August 2025 and bears interest at variable rates (3.25% + bank bill swap rate). The facility is secured over the property and charged over a term deposit.

(iv) As part of the financing agreement detailed further in the section below, the refinancing of Facilities A to C consisted of a new repayment schedule to the updated maturity date of 30 June 2025. The first repayment is $6.7 million at 31 December 2023 with subsequent payments of $3.3 million due each subsequent quarter to 30 June 2025. The repayment amounts are applied on a pro-rated basis to the outstanding principal on Facilities A to C. As $13.3 million is due within 12 months, this amount has been recognised as a current borrowing.

(v) Current borrowings consist of $13.3 million for Facilties A to C repayment amounts due within 12 months and accrued interest of $0.2 million. Non-current borrowings consist of $6 million Rabobank facility and $12.9 million repayment amounts for Facilities A to C due after 30 June 2024 offset by $4.1 million capitalised debt costs.

For the year ended 30 June 2022, the Group had a facility with Macquarie Bank (the lender) of up to $33 million (Tranche A: $13 million, Tranche B1: $7.7 million, Tranche B2: $2.3 million, Tranche C1: $3.5 million and Tranche C2: $6.5 million).

During the current year, the Group reallocated $1.69 million from Tranche B2 to Tranche B1 as agreed with the lender. The facility limits for Tranche B1 and Tranche B2 were amended to $9.39 million and $0.61 million respectively (2022: Tranche B1: $7.7 million and Tranche B2: $2.3 million).

In April 2023, the Group entered into a new financing agreement with the lender (Macquarie Bank Limited) which consisted of the following allocations:

- Refinanced Facilities A, B and C with an interest rate of 6% coupon rate plus BBSW (2022: 11% coupon rate plus BBSW) with a new repayment schedule up to 30 June 2025 and a maturity date of 30 June 2025 (2022: 10 November 2023).
- Obtained a new $40 million secured appraisal drilling facility for the South Erregulla gas field (Facility D). This facility is repayable on and has a maturity date of 31 December 2024 or on the date the $80 million contingent instrument facility is repayable if committed (whichever is the later). Facility D has an interest rate of 9% coupon rate plus BBSW which may reduce to 6% coupon rate plus BBSW if the $80 million facility becomes committed.
- Negotiated a secured $80 million contingent instrument facility relating to the South Erregulla domestic gas development. This facility is currently uncommitted and is subject to approval by the lender.

Due to the updated contractual terms of Facilities A to C, an assessment was conducted to compare the net present values of the cash flows of the modified facilities to the net present values of the remaining cash flows of the original facilities prior to modification. In accordance with AASB 9, it was determined that the modification was not substantially different and, consequently, the difference between the carrying amounts of the original and modified debt resulted in the recognition of a gain of $1.5 million (see Note 2.2).

The carrying amount of the modified debt for Facilities A to C was adjusted for the option debt costs and this adjustment will be amortised over the remaining term of the refinanced facilities.

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Further details with respect to Tranches A, B, C and D are outlined in the table below.

$'000	Tranche A	Tranche B1	Tranche B2	Tranche C1	Tranche C2	Tranche D
Facility limit	13,000	9,390	610	3,500	6,500	40,000
Amount drawn at 30 June 2023	13,000	9,390	610	3,250	-	
Amount undrawn at 30 June 2023	-	-	-	250	6,500	40,000
Options issued to lender to subscribe for Strike ordinary shares	35,000,000 options at an exercise price of 29 cents	20,700,000 options at an exercise price of 34 cents		20,700,000 options at an exercise price of 31.7 cents		62,100,000 options at an exercise price of $40 cents – refer to Note 5.3
Options expiry date	13 May 2023	22 December 2024		22 December 2024		22 May 2025
Establishment cost	4,800	1,692		1,506		12,430
Establishment costs unamortised balance as at 30 June 2022	913	1,678		-		-
Establishment cost unamortised balance as at 30 June 2023[i]	2,354	1,310		467	313	11,224
Use of funds	The proceeds from the loan are to be used for appraisal drilling and long lead items for the development of the West Erregulla Phase 1 Project.	To support and fund the re-entry of the West Erregulla-3 well and the drilling and testing of the West Erregulla-5 well	To support and fund the drilling and testing of the Walyering-6 well.	To fund the development of the Walyering gas field.		To fund appraisal drilling and long lead items for the South Erregulla gas field.
Effective interest rate[ii]	32%	27%		29%		N/A

[i] The capitalised debt costs are amortised and expensed (if related to an exploration asset) or capitalised to the development asset using the effective interest rate of the respective debt facility.

[ii] Fees related to the debt facility, including non-cash costs such as the fair value of the issued options, were included in the calculation of the effective interest rate.

Each of the loan facilities is secured over the shares in and assets of Strike West Pty Ltd and/or Strike West Pty Ltd, including its interest in the license held and by guarantees of their holding entities

All Tranches are subject to covenants that are customary for facilities of this nature. As at the date of this report, the Group has satisfied and continues to comply with all debt covenant requirements.

Recognition and measurement

Borrowings are interest bearing and are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Borrowing costs are expensed during the exploration stage in line with the Group's accounting policy. However, when a project moves into the development stage, the share of the borrowing costs as it relates to the development of the qualifying assets will be capitalised.

5.2 Net finance expenses

For the year ended $'000	30 June 2023	30 June 2022
Interest income on cash and cash equivalents	1,644	22
Gain on debt modification(i)	1,507	-
Total finance income	**3,151**	**22**
Restoration unwind	(382)	(525)
Interest expense on financial liabilities	(2,897)	(3,332)
Finance transaction costs and fees(ii)	(3,830)	(217)
Interest expense on lease liability	(55)	(11)
Total finance expenses	**(7,164)**	**(4,085)**

(i) In April 2023, Strike entered into a new financing agreement with Macquarie Bank Limited (refer to Note 5.1). This new agreement included the refinancing of Facilities A, B and C with an interest rate of 6% coupon rate plus BBSW (2022: 11% coupon rate plus BBSW) with a new repayment schedule up to the maturity date of 30 June 2025. Due to the updated contractual terms, an assessment was conducted to compare the net present values of the cash flows of the modified facilities to the net present values of the remaining cash flows of the original facilities prior to modification. In accordance with AASB 9, it was determined that the modification was not substantially different and, consequently, the difference between the carrying amounts of the original and modified debt resulted in the recognition of a gain of $1.5 million.

(i) Relates to Macquarie bank finance costs consisting $1.7 million bank charges for expensed commitment fees and establishment fees, and $2.1 million Macquarie debt costs relating to the unwinding of capitalised options cost for issuance of debt facilities using the effective interest rate of the respective debt facility. Tranche C1 interest and debt costs of $0.8 million were capitalised to oil and gas assets during the year as the use of funds for Tranche C1 are designated for Walyering development.

Recognition and measurement

Interest income is recognised as it accrues using the effective interest method.

Finance costs are expensed as incurred, except where they relate to the financing of construction or development of qualifying assets.

5.3 Equity and reserves

Share Capital

	Number of shares ('000)		Issued capital ($'000)	
For the year ended	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
Balance at beginning of year	**2,037,696**	**2,016,116**	**301,339**	**297,960**
Placements/exercise of options and performance rights during the period, net of transaction costs	210,127	21,580	49,072	3,379
SPA transaction for Warrego share transfers(i)	149,177	-	53,099	-
Scrip consideration for Warrego off-market takeover bid acceptances(ii)	134,551	-	47,383	-
Balance at end of year	**2,531,552**	**2,037,696**	**450,893**	**301,339**

(i) During the year, 149.2 million Warrego shares were exchanged for the issue of 149.2 million Strike shares pursuant to the share purchase agreement. Refer to Note 3.6.

(ii) During the year, 134.6 million Warrego shares were exchanged for the issue of 134.6 million Strike shares as scrip consideration for Strike's off-market takeover bid of Warrego. Refer to Note 3.6.

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.

Recognition and measurement
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.

Options and performance rights reserve

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

The options and performance rights reserve is used to recognise the value of equity benefits provided to employees, lenders and Directors as part of their remuneration or services provided.

Further information relating to share based payment plans is provided below.

Options Issued	Date granted	Date exercisable	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options	23 Sep 2022	23 Sep 2022	22 Dec 2024	$0.317	20,700,000	$0.073
Options	24 Nov 2022	24 Nov 2022	24 Nov 2025	$0.400	28,000,000	$0.087
Options	26 Apr 2023	26 Apr 2023	22 May 2025	$0.400	62,100,000	$0.200
					110,800,000	

Performance rights Issued	Date granted	Date exercisable	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
FY23 LTIP(i)(iii)	5 Sep 2022	30 Jun 2025	30 Sep 2025	Nil	3,011,111	$0.137
FY23 LTIP(i)(iii)	24 Nov 2022	30 Jun 2025	30 Sep 2025	Nil	2,488,266	$0.132
FY23 STIP(ii)	29 Jul 2022	31 Aug 2023	30 Nov 2023	Nil	3,635,574	$0.436
FY23 STIP(ii)	29 Jul 2022	23 Dec 2023	23 Mar 2024	Nil	660,493	$0.436
					9,795,444	

(i) FY23 LTIP performance rights which will be tested on 30 June 2025
(ii) FY23 STIP performance rights granted but not yet issued at 30 June 2023.
(iii) FY23 LTIP vesting conditions below:

Measure	Weighting	Definition	Hurdles	Vesting Percentage
Absolute TSR	50%	The Company's absolute TSR calculated as at the vesting date.	Below 10% p.a.	0
			10% to < 15% p.a.	25%
			15% to <20% p.a.	50%
			20% to < 25% p.a.	75%
			Above 25% p.a.	100%
Relative TSR	50%	The Company achieves a TSR relative to a comparator group of companies from the ASX200 Energy Index over a three-year performance period.	Below 60th percentile	0
			60th percentile	60%
			61st to 75th percentile	61% to 99%
			> 76th percentile and above	100%

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

Instrument expired/ forfeited	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options	$0.35	5,000,000	$0.116
Options	$0.35	6,000,000	$0.090
Options	$0.35	1,000,000	$0.095
Performance Rights	Nil	704,741	$0.124
Performance Rights	Nil	387,931	$0.281
Performance Rights	Nil	1,293,103	$0.124
		14,385,775	

Instruments outstanding

The balance of share options and performance rights on issue as at 30 June 2023 is as follows:

Instrument[(ii)]	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options[(i)]	23 Sep 2022	22 Dec 2024	$0.317	20,700,000	$0.073
Options[(i)]	24 Nov 2022	24 Nov 2025	$0.400	28,000,000	$0.087
Options[(i)]	26 Apr 2023	22 May 2025	$0.400	62,100,000	$0.200
				110,800,000	

(i) Vest from grant date.
(ii) Share options outstanding at 30 June 2023 had a weighted average remaining contractual life of 711 days.

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Performance Rights	17 May 2018	N/A	Nil	2,500,000	$0.076
Performance Rights	1 Jul 2020	30 Sep 2023	Nil	1,438,512	$0.129
Performance Rights	1 Dec 2020	30 Sep 2021	Nil	2,671,580	$0.205
Performance Rights	15 Nov 2021	30 Sep 2024	Nil	4,028,081	$0.075
Performance Rights	5 Sep 2022	30 Sep 2025	Nil	3,011,111	$0.137
Performance Rights	24 Nov 22	30 Sep 2025	Nil	2,488,266	$0.132
Performance Rights[(ii)]	29 Jul 2022	30 Nov 2023	Nil	3,635,574	$0.436
Performance Rights[(ii)]	29 Jul 2022	23 Mar 2024	Nil	660,493	$0.436
				20,433,617	

(i) Performance rights outstanding at 30 June 2023 had a weighted average remaining contractual life 366 days.
(ii) FY23 STIP performance rights granted but not yet issued as at 30 June 2023.

The fair value of the options granted during the period is estimated as at the date of grant using a Black Scholes pricing model considering the terms and conditions upon which the instruments were granted. Performance rights issued during the period under the long-term incentive plan have been valued on a Monte Carlo Simulation. Performance rights issued during the period under the short-term incentive plan have been valued using the 5-day VWAP leading up to the end of each financial year.

The following table lists the inputs used to value instruments issued during the year ended 30 June 2023:

	23 Sep 2022	24 Nov 2022	26 Apr 2023	5 Sep 2022	24 Nov 2022	29 Jul 2022	29 Jul 2022
Instrument	**Options**	**Options**	**Options**	**Performance Rights**	**Performance Rights**	**Performance Rights**	**Performance Rights**
Number	20,700,000	28,000,000	62,100,000	3,011,111	2,488,266	3,635,574	660,493
Expiry date	22 Dec 2024	24 Nov 2025	22 May 2025	30 Sep 2025	30 Sep 2025	30 Nov 2023	23 Mar 2024
Dividend yield	Nil%	Nil%	Nil%	Nil%	Nil%	Nil%	Nil%
Expected volatility	63.4%	68.9%	68.7%	70.5%	69.4%	N/A	N/A
Risk-free interest rate	3.41%	3.07%	3.19%	3.21%	3.21%	N/A	N/A
Expected life of instruments (years)	2.25	3	2	3	3	0.25	0.25
Share price at grant date	$0.240	$0.250	$0.455	$0.250	$0.250	$0.290	$0.290

Instruments exercised during the financial year

The following tables outlines details of the instruments exercised during the financial year (2022: 8,989,585):

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Performance Rights	16 Aug 2019	30 Sep 2022	N/A	5,993,535	$0.124
Performance Rights	24 Oct 2019	30 Sep 2022	N/A	1,163,793	$0.281
Performance Rights	24 Aug 2021	3 Dec 2022	N/A	6,448,362	$0.258
Performance Rights	24 Aug 2021	3 Mar 2023	N/A	1,253,254	$0.258
				14,858,944	

(i) Performance rights exercised during the period had an average weighted share price of $0.271

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options	31 Jul 2020	31 Jul 2022	$0.150	8,908,920	$0.04
Options	31 Jul 2020	31 Jul 2022	$0.230	3,000,000	$0.01
Options	13 Nov 2020	13 May 2023	$0.290	35,000,000	$0.20
Options	23 Jun 2022	22 Dec 2024	$0.349	20,700,000	$0.14
				67,608,920	

(i) Options exercised during the period had an average weighted share price of $0.39

Change in instruments on issue

	Performance Rights		Options	
For the year ended	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
Balance at beginning of year	**27,882,892**	**25,662,338**	**79,608,920**	**71,500,000**
Grants during the year	9,795,444	11,729,697	110,800,000	20,700,000
Cancelled/forfeited during the year	(2,385,775)	(520,558)	-	-
Expired during the year	-	-	(12,000,000)	-
Exercised during the year	(14,858,944)	(8,988,585)	(67,608,920)	(12,591,080)
Balance at end of year	**20,433,617**	**27,882,892**	**110,800,000**	**79,608,920**
Instruments exercisable at end of year	-	-	**110,800,000**	**79,608,920**

Recognition and measurement

The fair value at grant date is 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.

5.4 Financial risk management

Overview

This note presents information about the Group's exposure to market risk, credit risk and liquidity risk, climate change 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 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 cash that are denominated in foreign currencies. These transactions are primarily denominated in USD. When considered appropriate, the Group may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions. During the year ended 30 June 2023, the Company did not enter into such contracts.

Interest rate risk

The Group's interest rate may arise 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 has long-term borrowings of $14.8 million as at 30 June 2023.

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 2023					
Fixed rate instruments					
Lease Liability	(2,377)	(125)	(133)	(289)	(1,831)
Borrowings	(32,480)	(6,900)	(6,660)	(12,920)	(6,000)
Total fixed rate instruments	**(34,857)**	**(7,025)**	**(6,793)**	**(13,209)**	**(7,831)**
Floating rate instruments					
Cash and cash equivalents	127,877	127,877	-	-	-
Total floating rate instruments	**127,877**	**127,877**	**-**	**-**	**-**
30 June 2022					
Fixed rate instruments					
Lease Liability	(169)	(57)	(61)	(51)	-
Borrowings	(20,882)	-	-	(20,882)	-
Total fixed rate instruments	**(21,051)**	**(57)**	**(61)**	**(20,933)**	**-**
Floating rate instruments					
Cash and cash equivalents	13,905	13,905	-	-	-
Total floating rate instruments	**13,905**	**13,905**	**-**	**-**	**-**

Sensitivity to interest rate risk

Fair value sensitivity analysis

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 remain constant. The analysis is performed on the same basis for comparative periods.

For the year ended $'000	30 June 2023	30 June 2022
200 basis point parallel increase in interest rates	2,558	278
200 basis point parallel decrease in interest rates	2,558	278

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.

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 2023						
Financial liabilities						
Trade and other payables	-	5,863	5,863	-	-	-
Lease Liability	6.5%	2,377	21	41	195	2120
Borrowings	30%(i)	32,480	230	-	13,330	18,920
Total financial liabilities		**40,720**	**6,114**	**41**	**13,525**	**21,040**
30 June 2022						
Financial liabilities						
Trade and other payables	-	9,322	2,993	409	-	5,920
Lease Liability	5%	169	9	19	89	52
Borrowings	30.1%(i)	20,882	-	-	-	20,882
Total financial liabilities		**30,373**	**3,002**	**428**	**89**	**26,854**

(i) For the Macquarie facilities, the draw down on loan bears interest at variable market rates (6% + bank bill swap rate) and the maturity date is 30 June 2025. The Rabobank facility and bears interest at variable rates (3.25% + bank bill swap rate) and expires on 31 August 2025. The 30% rate above represents the weighted average effective interest rate of Tranches A to C of the Macquarie debt facility and the Rabobank facility.

Climate change risk

Key climate-related risks and opportunities relevant to our business include:

- The transition to a low carbon economy, such as the increased uncertainty, time and cost associated with regulatory bodies granting approvals/licences, the ongoing decarbonisation of energy markets, decreased demand for fossil fuels in some markets, reduced life of assets, changing government regulation and climate change policies at State and Federal levels, inability to attract and retain top talent, and changing community sentiment towards fossil fuel intensive projects. We believe this transition into a lower carbon economy also gives rise to opportunities for our gas focused portfolio. Natural gas is viewed as a key element to supporting society's sustainable energy transition.
- The physical impacts of climate change, including the increased frequency and severity of extreme weather events and chronic changes to weather patterns, which have the potential to impact demand for energy and the resilience of our assets and supporting infrastructure.

The Company's TCFD-compliant information is described in the Sustainability Report.

Fair value measurements

The fair value measurements included with these financial statements are 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 a similar 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).

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 above methods. Where applicable, further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Borrowings

The fair value of borrowings, 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.

5.5 Other liabilities

As at $'000	30 June 2023	30 June 2022
Unearned revenue – gas prepayment agreements(i)	4,330	5,000
Government grants(ii)	1,244	1,485
Total other liabilities	**5,574**	**6,485**
Current	–	–
Non-Current	5,574	6,485

(i) $5 million unearned revenue received under the West Erregulla gas prepayment agreement for future gas delivery. This unearned revenue was measured at its present value at 30 June 2023 to $4.3 million.

(ii) Government grants received where eligible expenditure has not been incurred and offset against the related expenditure.

Unearned revenue represents amounts received under the terms of a gas prepayment agreement pertaining to the future delivery of gas from the Group's West Erregulla Project, which is conditional on FID. Unearned revenue will be released to the profit or loss on a systematic basis when production begins, or when agreements become non-refundable in line with the underlying contracts. The unearned revenue obligation was measured at its present value at 30 June 2023.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

In accordance with AASB120 Accounting for Government Grants and Disclosure of Government Assistance, the Group capitalised grants received as deferred income at initial recognition. The subsequent treatment by the Group included the assessment and quantification of the grant amounts for which Strike has borne the cost and met the conditional requirements. These amounts were deemed to be eligible costs and were deducted from the liability account and applied against the related expenditure originally incurred.

During the last financial year, Strike received $1.8 million in government grants for Project Haber and South Erregulla as part of the Supply Chain Resilience Initiative and Exploration Incentive Scheme (EIS) respectively. As at 30 June 2023, Strike had deducted $0.6 million eligible expenditure with $1.2 million remaining as capitalised government grants.

Section 6: Group and Related Party Information

6.1 Investments in subsidiaries

The Financial Statements of the Group include the consolidation of Strike Energy Limited and its subsidiaries being entities controlled by the parent entity. Control exists where the Group is:

- is exposed to or has rights to variable returns in an investment; and
- has the ability to affect those returns through its power to direct the activities of the entity.

The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to the outside shareholders is reflected in non-controlling interests.

In preparing the Financial Statements the effects of all intragroup balances and transactions have been eliminated.

Name	Country of incorporation and principle place of business	Percentage interest held (%) 30 June 2023	Percentage interest held (%) 30 June 2022
Strike Energy Limited (Parent Company)[i]			
Controlled entities[i]**:**			
Strike Energy South Australia Pty Ltd	Australia	100	100
Strike Energy 96 Holdings Pty Ltd	Australia	100	100
Strike Energy 95 Holdings Pty Ltd	Australia	100	100
Strike Energy 94 Holdings Pty Ltd	Australia	100	100
Strike Energy Cooper Holdings Pty Ltd	Australia	100	100
Strike Energy 96 Pty Ltd	Australia	100	100
Strike Energy 95 Pty Ltd	Australia	100	100
Strike Energy 94 Pty Ltd	Australia	100	100
Strike Energy Cooper Pty Ltd	Australia	100	100
Strike Energy Holdings Pty Ltd	Australia	100	100
Strike West Holdings Pty Ltd	Australia	100	100
Strike West Pty Ltd	Australia	100	100
Strike North West Pty Ltd	Australia	100	100
Strike South West Pty Ltd	Australia	100	100
Oceanhill Pty Ltd	Australia	100	100
Mid West Geothermal Power Pty Ltd	Australia	100	100
Strike Energy Industrial Holdings Pty Ltd	Australia	100	100
Strike Energy Urea Holdings Pty Ltd[ii]	Australia	100	100
Project Haber Holding Co Pty Ltd	Australia	100	100
Project Haber Pty Ltd	Australia	100	100
Strike South Pty Ltd	Australia	100	100

[i] These entities are not required to prepare or lodge audited accounts in Australia. Reflect indirect ownership interest.

6.2 Interest in joint arrangements

Joint arrangements are those arrangements in which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint arrangements are classified as either joint operations or joint venture, based on the contractual rights and obligations between the parties to the arrangement.

Joint operations: In a joint operation the Group has rights to the assets and obligations for the liabilities relating to the arrangement. This includes situations in which the parties benefit from the joint activity through the sharing of output, rather than by receiving a share of results of trading. Interests in joint operations are reported in the Financial Statements by including the Group's proportionate share of assets employed in the arrangement, the share of liabilities incurred in relation to the arrangement and the share of any revenue or expenses earned or incurred.

Joint ventures: A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. A separate vehicle, not the parties, will have the rights to the assets and obligations to the liabilities relating to the arrangement. More than an insignificant amount of output is sold to third parties, which indicates the joint venture is not dependent on the parties to the arrangement for funding. Joint ventures are accounted for using the equity accounting method.

Details relating to the Group's interests in petroleum permits and mineral tenements which are subject to joint arrangements are detailed in note 6.4.

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

As at $'000	30 June 2023	30 June 2022
Current assets		
Cash and cash equivalents	1,570	1,750
Trade and other receivables	401	3,882
Other financial assets	313	161
Total current assets	**2,284**	**5,793**
Non-current assets		
Exploration and evaluation assets	62,086	67,007
Oil and gas assets	31,743	-
Total non-current assets	**93,829**	**67,007**
Share of total assets of joint arrangements	96,113	72,800
Current liabilities		
Trade and other payables	(2,538)	(4,874)
Total current liabilities	**(2,538)**	**(4,874)**
Share of total liabilities of joint arrangements	(2,538)	(4,874)
Share of net assets of joint arrangements	93,575	67,926
Profit or loss from continuing operations		
Impairment of exploration and evaluation assets	(613)	(80)
Share of profit or loss of joint arrangements	(613)	(80)

Joint Arrangements Commitments for expenditure

For the year ended/As at $'000	30 June 2023	30 June 2022
Permit commitments		
Less than one year	3,350	500
Between one and five years	8,950	8,000
Greater than five years	–	–
Total	**12,300**	**8,500**

6.3 Parent entity disclosures

For the year ended/As at $'000	30 June 2023	30 June 2022
Assets		
Current assets	132,865	16,612
Non-current assets	166,548	115,294
Total assets	**299,413**	**131,906**
Liabilities		
Current liabilities	(3,847)	(6,895)
Non-current liabilities	(8,720)	(2,611)
Total liabilities	**(12,567)**	**(9,506)**
Net assets	**286,846**	**122,400**
Equity		
Issued capital	450,893	301,339
Share-based payments reserve	33,796	16,012
Other reserves	–	(12,176)
Accumulated losses	(197,843)	(182,775)
Total equity	**286,846**	**122,400**
Profit/(loss) for the year	**(23,891)**	**(13,584)**

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

The financial information for the Company entity 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.

6.4 Interest in petroleum permits and mineral tenements

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

		Percentage interest held (%)	
Permit	**Operator**	**30 June 2023**	**30 June 2022**
Cooper-Eromanga Basin - Australia			
PEL 94(ii)	Beach Energy Limited	35	35
PEL 95(ii)	Beach Energy Limited	0	50
PPL 210(i)	Beach Energy Limited	50	50
PEL 96(ii)	Strike Energy Limited	66.67	66.67
PEL 515	Strike Energy Limited	100	100
PELA 640	Strike Energy Limited	100	100
Perth Basin - Australia			
EP469(ii)	Strike West Pty Ltd	50	50
EP447(iii)	Strike South West Pty Ltd	55	55
EP488	Strike North West Pty Ltd	100	100
EP489	Strike North West Pty Ltd	100	100
EP495	Strike North West Pty Ltd	100	100
EP503	Strike South Pty Ltd	100	100
EP504	Strike North West Pty Ltd	100	100
EP505	Strike North West Pty Ltd	100	100
EP506	Strike North West Pty Ltd	100	100

(i) Indicates petroleum permits subject to joint operating arrangements which undertake a combination of exploration, evaluation and oil and gas production activities.

(ii) Indicates petroleum permits subject to joint operating arrangements which undertake exploration and evaluation activities. PEL 95 license was surrendered on 29 May 2023. PEL 94 license was surrendered subsequent to year end on 31 July 2023.

(iii) Indicates petroleum permits subject to joint operating arrangements which undertake oil and gas development activities.

6.5 Related party transactions

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 6.1.

Equity interests in associates and joint arrangements

Details of interests in joint operations are disclosed in note 6.4.

Transactions with key management personnel

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

- $21,000 (2022: $171) was paid to Mulloway Pty Ltd (a director related entity via Mr J Poynton) for the purchase of equipment.
- $6,371 (2022: $14,800) was paid to Myube Investments Pty Ltd (a director related entity of Mr N Power) for office rental.
- $9,263 (2022: $9,975) was paid to Prime Flight Unit Trust (a director related entity of Mr N Power) for hiring transport to operations.
- $470 (2022: $352) was paid to J Poynton for work-related expenses.

Transactions with other related parties

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

The Company advanced $26,239,034 for the working capital requirements of its Australian subsidiaries (2022: $12,037,628). 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 operations totalling $7,927,806 (2022: $7,069,132).

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

- Loan receivables totalling $154,012,776 before impairment (2022: $127,551,413) from subsidiaries: and
- Trade receivables totalling $3,642,121 (2022: $3,484,529) from joint arrangements
- Trade payables totalling $5,000,000 (2022: 5,000,000) to subsidiaries.

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.

Parent entity

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

Section 7: Employee Matters

7.1 Key management personnel compensation

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

For the year ended/As at	30 June 2023	30 June 2022
Short-term employee benefits	2,922,767	2,853,311
Post-employment benefits	222,466	196,695
Share-based payments	4,038,554	1,771,441
Total	**7,183,787**	**4,821,447**

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

7.2 Employee benefits

For the year ended/As at $'000	30 June 2023	30 June 2022
Provision for annual leave	599	512
Provision for long service leave	258	188
Total employee benefits	**857**	**700**
Current	599	512
Non-current	258	188

Recognition and measurement

(a) 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 high quality corporate 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 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.

7.3 Employee share ownership plans

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 14 November 2019, both share options and performance rights can be granted to eligible employees for no consideration. Typically, awards are granted up to a three-year period with 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.

Recognition and measurement

Share-based remuneration benefits are provided to employees via a variety of schemes which are further set out in note 5.3 Equity and reserves.

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 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.

Section 8: Other

8.1 Commitments for expenditure

The group has certain obligations to perform minimum exploration work and amounts pursuant to the terms of grant of petroleum exploration permits in order to maintain rights of tenure.

For the year ended/As at $'000	30 June 2023	30 June 2022
Permit commitments		
Less than one year	46,132	16,582
Between one and five years	117,900	141,450
Greater than five years	–	-
Total	**164,032**	**158,032**

8.2 Leases

The Company holds an office lease in Perth which expires 28 February 2030.

Right-of-use Assets

$'000	Buildings	Total
Cost		
Balance at beginning of year	**261**	**261**
Addition	1,458	1,458
Disposal	(261)	(261)
Balance at end of year	**1,458**	**1,458**
Accumulated Depreciation		
Balance at beginning of year	**(111)**	**(111)**
Reversal due to disposal	111	111
Charge for the year	(69)	(69)
Balance at end of year	**(69)**	**(69)**
Carrying Amount		
Balance at beginning of year	**111**	**111**
Balance at end of year	**1,389**	**1,389**

Lease Liabilities

$'000	30 June 2023	30 June 2022
Total current lease liabilities	(258)	(118)
Total non-current lease liabilities	(2,119)	(51)

Amounts recognised in profit and loss

$'000	30 June 2023	30 June 2022
Depreciation on right of use assets	(69)	(78)
Interest expense on lease liabilities	(50)	(11)
Expense relating to variable lease payments not included in the measurement of lease liability	(201)	(97)

The total cash outflow for leases in the year ended 30 June 2023, including short-term leases and low-value leases, amounted to $0.2 million.

Recognition and measurement

(a) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(b) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

A maturity analysis of the future undiscounted payments in respect of the Group's lease liabilities is presented in the table below.

$'000	30 June 2023
Within one year	398
Between one and five years	1,735
More than five years	793
Total	**2,926**

8.3 Contingencies

Litigation and legal proceedings

As at 30 June 2023, Strike is not subject to contingencies arising from litigations and legal proceedings.

8.4 Subsequent events

Subsequent to 30 June 2023, , Strike entered into a binding scheme implementation deed with Talon Energy Limited under which Strike will, subject to the satisfaction of various conditions, acquire all the issued shares in the capital of Talon by way of a scheme of arrangement. Pursuant to the Scheme, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held. In addition, Talon will demerge its Mongolian asset with the potential for its shareholders to retain an interest in the assets along with A$850,000 cash (less any costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) via a potential spin-out of those assets into a separate vehicle to be completed prior to implementation of the Scheme.

As part of the transaction, Strike and Talon have entered into a binding facility agreement pursuant to which Strike has agreed to provide a A$6 million convertible financing facility to assist Talon fund its short-term working capital needs through the Scheme process. The key terms of this facility include:

- A maximum of A$6,000,000 provided in advances in accordance with an agreed budget.
- Establishment fee: 2%, commitment fee: 3.5% on undrawn funds, interest rate': BBSW plus 11% (capitalised).
- Maturity date: The earlier to occur of 30 days after the date on which Talon becomes a wholly owned subsidiary of Strike; 30 days after a person other than Strike or its subsidiaries becomes entitles to hold 50% or more of the Talon shares or otherwise acquires control of Talon; 60 days after termination of the Scheme Implementation Deed; 270 days following the date of the first advance.
- Conversion: Strike may by written notice on or before the relevant maturity date elect to convert the outstanding principal and capitalised amounts into fully paid ordinary Talon shares at the 5-day VWAP to 26 July 2023.
- Prepayment: The facility is to be prepaid out of net petroleum proceeds received by Talon from the sale of Walyering gas and condensate.

The Scheme is not expected to complete until December 2023 and on success would see Strike move to 100% equity in the L23/EP447 licenses and Walyering gas field.

With the exception of the above, there have been no other events subsequent to 30 June 2023 that would require accrual or disclosure in the consolidated financial statements.

8.5 Remuneration of auditors

For the year ended/As at $	30 June 2023	30 June 2022
Amounts received/receivable by Deloitte Touche Tohmatsu (Aus) for:		
Audit or review of the financial report of the Group	195,600	163,900
Other assurance services	-	-
Tax consulting services	-	5,000
Advisory and other	-	82,920
Total	**195,600**	**251,820**

8.6 Accounting policies

New and revised standards and interpretations

(a) Adoption of new and revised accounting standards

In the current year, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

(b) Standards and interpretations not yet effective and not adopted early by the Group

At the date of authorisation of the financial report, the Directors do not anticipate the Standards and Interpretations that were issued but not yet effective will have a material impact on the financial report of the Group in the year or period of initial application.

- Insurance Contracts - AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - AASB 2014-10
- Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 and AASB 128 - AASB 2015-10 Amendments to Australian Accounting Standards
- Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections - AASB 2017-5 Amendments to Australian Accounting Standards
- Classification of Liabilities as Current or Non-current - AASB 2020-1 Amendments to Australian Accounting Standards
- Classification of Liabilities as Current or Non-current - Deferral of Effective Date - AASB 2020-6 Amendments to Australian Accounting Standards
- Annual Improvements 2018-2020 and Other Amendments - AASB 2020-3 Amendments to Australian Accounting Standards
- Disclosure of Accounting Policies and Definition of Accounting Estimates - AASB 2021-2 Amendments to Australian Accounting Standards
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – AASB 2021-5 Amendments to Australian Accounting Standards
- Initial Application of AASB 17 and AASB 9 – Comparative Information – AASB 2022-1 Amendments to Australian Accounting Standards

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 for 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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting for Refinancing In April 2023, the Group entered into a new financing agreement with respect to its existing secured facility which included a number of amendments, the key elements of which are: • Refinanced Facilities A, B and C with an interest rate of 6% coupon rate plus BBSW (2022: 11% coupon rate plus BBSW) with a revised maturity date of 30 June 2025 (2022: 10 November 2023). • Obtained a new $40 million secured appraisal drilling facility for the South Erregulla gas field (Facility D). This Facility is repayable on 31 December 2024 or on the date the $80 million contingent instrument facility is repayable if committed (whichever is the later). • Negotiated a secured $80 million contingent instrument facility relating to the South Erregulla domestic gas development. This facility is currently uncommitted and is subject to approval by the lender. • 62,100,000 options were granted to the lender at an exercise price of $0.40, associated with the establishment of Facility D. Further details with respect to Facilities A, B, C and D are included in Note 5.1. The impact of the refinancing includes a number of significant estimates and judgments, including: • determining whether the terms of Facility A, B and C are substantially different under the amending agreement, and therefore whether this results in an extinguishment of the original debt; and • determining the fair value of the options granted to the lender in association with the facility.	In respect to the accounting for the amending agreement our procedures included, but were not limited to: • Reviewing the terms of the secured facility agreement entered into during the 2021 and 2022 financial years, and the amending agreement executed in April 2023; • Assessing whether the terms of Facility A, B and C are substantially different under the amending agreement, and therefore whether this results in an extinguishment of the original Facility; • Assessing management's determination that the terms were not substantially different under the new amending agreement, and assessing the accuracy of the gain (loss) on modification which is computed as the difference between the carrying amounts of the original and modified debt at the date of modification; • Assessing the accuracy of the amortisation of borrowing costs for the year ended 30 June 2023, including the classification of the amortised and unamortised transaction costs as at 30 June 2023; and • Independently recalculating the fair value of the options granted to the lender associated with Facility D, and ensuring that the fair value of the options is appropriately classified within *other assets* until such time that the related Facility is drawn down. We also assessed the adequacy of the disclosures in Note 5.1 to the financial statements.

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Recoverability of exploration and evaluation assets As at 30 June 2023, the carrying value of exploration and evaluation assets totals \$137 million, including additions of \$32 million made during the year as disclosed in Note 4.1. As at 30 June 2023, the exploration and evaluation assets relate solely to the Perth Basin. 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 program 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 associated with assessing the recoverability of exploration and evaluation assets included, but were not limited to: • Evaluating the design and implementation of processes and controls in respect of assessing the recoverability of exploration and evaluation assets; • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Assessing the status of ongoing exploration programs in the respective areas of interest; and • Assessing whether any facts or circumstances existed to suggest impairment testing was required. We also assessed the adequacy of the disclosures in Note 4.1 to the financial statements.
Accounting for the restoration and rehabilitation provision As at 30 June 2023, the Group recorded restoration and rehabilitation provisions of \$12 million. The determination of the restoration and rehabilitation provision requires the use of significant estimates and judgements, including: • the expected future costs of performing restoration and rehabilitation activities; • the timing of when such activities are expected to take place; and • economic assumptions such as the inflation rate and discount rate used to discount this estimate to its net present value.	Our procedures included, but were not limited to: • obtaining an understanding of the key controls management has in place to estimate the restoration and rehabilitation provision; • agreeing restoration and rehabilitation cost estimates to underlying support; • on a sample basis, comparing assumed unit cost assumptions applied in calculating the cost estimate to current market rates; • challenging the completeness of provisions considering development activities undertaken during the year; • confirming the closure and related rehabilitation dates are consistent with the latest life of field estimates where applicable, and regulatory requirements; • comparing the inflation and discount rates to available market information; and • testing the mathematical accuracy of the rehabilitation provision model. We also assessed the adequacy of the disclosures included in Note 4.3 to the financial statements.

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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 2023, 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.
- 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.

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- 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's 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, actions taken to eliminate threats or safeguards applied.

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 42 to 53 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Strike Energy Limited, for the year ended 30 June 2023, 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

David Newman
Partner
Chartered Accountants
Perth, 22 September 2023

ADDITIONAL SECURITIES EXCHANGE INFORMATION

As at 31 August 2023

1. Number of holders of equity securities

2,535,661,810 fully paid ordinary shares are held by 12,085 shareholders.
110,800,000 unlisted options, 15,663,032 performance rights and 12 unlisted performance shares are held by 17 security holders.

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 Ranges	Number of shares
1-1,000	73,882
1,001-5,000	8,401,144
5,001-10,000	13,763,761
10,001-100,000	203,967,519
> 100,001	2,309,455,504

4. Substantial shareholders

There were no substantial shareholders as at 31 August 2023.

ADDITIONAL SECURITIES EXCHANGE INFORMATION (CONT'D)

5. The 20 largest holders of quoted equity securities as at 31 August 2023

Investor	Balance as at 31 August 2023	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	206,535,894	8.15%
CITICORP NOMINEES PTY LIMITED	150,987,149	6.00%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	136,986,722	5.40%
BNP PARIBAS NOMS PTY LTD	131,128,021	5.17%
BRAZIL FARMING PTY LTD	98,978,619	3.90%
MHC FUND SERVICES PTY LTD	80,482,474	3.17%
NATIONAL NOMINEES LIMITED	56,691,574	2.24%
GREG HACKSHAW/ GREMAR HOLDINGS PTY LTD	47,469,416	1.90%
TIMOTHY GOYDER/ PLATO PROSPECTING PTY LTD	42,940,668	1.69%
ROOKHARP CAPITAL PTY LIMITED	38,178,420	1.51%
DISCOVERY INVESTMENTS PTY LTD	30,000,000	1.18%
CALM HOLDINGS PTY LTD <CLIFTON SUPER FUND A/C>	29,600,000	1.17%
COOGEE RESOURCES PTY LTD	20,000,000	0.79%
MR GARRY NOEL BUNGEY & MRS VIVIENNE ALICE NOLA BUNGEY <BUNGEY SUPER FUND ACCOUNT>	16,500,000	0.65%
HAZARDOUS INVESTMENTS PTY LTD	16,000,000	0.63%
SENESCHAL (WA) PTY LTD <WINSTON SCOTNEY FAMILY S A/C>	15,000,000	0.59%
RAEJAN PTY LTD/ THE MARZEC FAMILY FUND	14,900,000	0.59%
MR STUART JOHN DOWLS NICHOLLS & MRS HOLLY JANE ELIZABETH NICHOLLS <THE NICHOLLS FAMILY A/C>	14,221,608	0.56%
MR JAMES CLARKE	13,682,474	0.54%
QUATRI PTY LTD <QUATRI SUPER FUND A/C>	13,000,000	0.51%

CORPORATE DIRECTORY

Directors

Chairman
John Poynton

Managing Director
Stuart Nicholls

Non-Executive Director & Deputy Chairman
Neville Power

Non-Executive Director
Stephen Bizzell

Non-Executive Director
Mary Hackett

Non-Executive Director
Andrew Seaton

Non-Executive Director
Jill Hoffmann

Company Secretary
Justin Ferravant

Contact us

Telephone: 1800 789 287

Email: web.query@strikeenergy.com.au

Website: www.strikeenergy.com.au

Registered office

Level 1, 40 Kings Park Road
West Perth, WA 6005

Registered mailing address

PO Box 569
West Perth, WA 6005

Share registry

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

GPO Box 3993
Sydney NSW 2001

Telephone: 1300 737 760 (Australia)

Telephone: (+61) 2 9290 9600 (International)

Facsimile: (+61) 2 9279 0664

Email: enquiries@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

Auditors

Deloitte Touche Tohmatsu
Level 7-9,
Brookfield Place, Tower 2
123 St Georges Terrace
Perth, WA 6000

Stock exchange listing

Australian Securities Exchange
Code: STX

A hallmark of Strike is our ability to seize opportunities others haven't appreciated and then execute our plans expeditiously.

Strike Energy Limited
ACN 078 012 745

p: 1800 789 287
e: web.query@strikeenergy.com.au
w: www.strikeenergy.com.au