



**strike
energy**

Annual Report

for the financial year ended 30 June 2020



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Forward looking statements

Statements contained in this Annual Report, including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, production levels or rates, oil and gas prices, reserve or resource potential, exploration drilling, timeline, potential growth of Strike Energy Limited, industry growth and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties associated with oil, gas, geothermal and related businesses, many of which are outside the control of the Strike Energy Limited and are not guarantees of future performance. Although the Company believes that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results, actions and developments to differ materially from those expressed or implied by the statements in this Annual Report, including, but not limited to: price fluctuations, actual demand, drilling and production results, reserve estimates, regulatory developments, project delays or advancements and approvals and cost estimates. Subject to continuing obligations under applicable law and the ASX Listing Rules, Strike Energy Limited does not undertake any obligation to publicly update or revise any of the forward looking statements in this presentation or any changes in events, conditions or circumstances on which any such statement is based.

Information regarding Resource Estimates

Information in this Annual Report relating to:

- the 2C Contingent Resource Estimate and Prospective Resource Estimate for the West Erregulla Project is set out in the ASX Announcement dated 11 November 2019 entitled 'West Erregulla Resource Statement'. Strike Energy interest is 50%
- the Prospective Resource Estimate for South Erregulla is set out in ASX Announcement dated 17 February 2020 entitled 'Exploration Portfolio Update' and is an aggregate of Strike Energy Limited's 100% equity interest in EPA 82 (subject to grant of that permit) and, to a relatively marginal extent, Strikes 50% equity interest in EP469;
- the Walyering Prospective Resource Estimate is set out in ASX Announcement dated 9 June 2020 entitled 'Greater Erregulla and Walyering Update'. Strike Energy Limited interest is 100%.

Strike Energy Limited confirms that 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 those announcements continue to apply.

Strike Energy Limited (ASX:STX) is aspiring to become the country's next natural gas producer. Strike is focused on the appraisal and development of the large West Erregulla conventional gas resource in the Perth Basin and the continued appraisal of the Southern Cooper Basin deep coal seam gas project. Strike is striving to be a significant influencer in Australian gas markets throughout the decades to come.



Chairman's Letter



Dear Shareholders,

In early 2018 Strike Energy embarked on a diversification strategy. After assessing a range of options, the Company chose to build a significant tenement holding in Western Australia's Perth Basin. The decision to target the Perth Basin was founded on world class geoscience and followed by commercial transactions which included the acquisition of operatorship and 50% of EP469 (West Erregulla) and the takeover of ASX-listed UIL Energy Ltd.

As a consequence of these strategic decisions, Strike's 'rocks-first' approach has positioned it as one of the most prospective energy investments in Australia. The Company is now preparing for its maiden Final Investment Decision at West Erregulla which will formalise the journey from explorer to developer and commercial gas producer.

During the last financial year, Strike delivered a highly successful exploration program at West Erregulla. The West Erregulla 2 conventional gas discovery has added substantial

value to the Company with a 2C gross contingent resource booking of 1.185 trillion cubic feet ('Tcf') of gas¹. The discovery has proven that Waitsia was not anomalous, and that the North Perth Basin is host to a world-class conventional hydrocarbon system.

The discovery of this high-quality gas resource and opening of the Permian Gas Fairway is not only exciting for Strike's shareholders, but also for Western Australia. WA has a well-developed, mature domestic gas market with the State's mining, manufacturing and electricity sectors all major users of reliable and cost-competitive natural gas. Strike's Greater Erregulla development strategy will support the growth of WA's economy ensuring that natural gas remains an affordable, competitive and abundant source of energy.

Since the discovery, Strike has laid out a clear pathway to appraise, develop and produce gas at West Erregulla. This culminated in the announcement in May of our selection of Australian Gas Infrastructure Group (AGIG) as the

preferred proponent to build, own and operate the West Erregulla gas plant. The project has entered Front-End Engineering and Design on the gas processing facility, and we are now working with AGIG towards a Final Investment Decision for the Phase 1 development of West Erregulla and a target of first gas delivered into the market in 2022.

Building on the success of the West Erregulla 2 discovery, Strike has commenced the interrogation of its regional acreage adjacent to the field. In January of this year Strike announced that it had identified high confidence, multi-Tcf upside at South Erregulla. Strike believes South Erregulla could be the beginning of several additional Tcf that will be discovered in the Basin, including in our 100% owned permits. Both West and South Erregulla (on success) will form the backbone of Strike's Greater Erregulla Gas Project, which will look to meet expanding market opportunities by bringing as much gas as possible online by the middle of the 2020s.

¹ Refer to 'Information regarding Resource Estimates' on page (i) of this Annual Report for further information.



Throughout the year, the Company has continued to pursue the Southern Cooper Basin deep coal seam gas pilot with ongoing testing at the Jaws wells. The Company is yet to achieve positive results from this project, with ongoing water production restricting the wells' ability to initiate meaningful gas desorption. A technical review of the project will be carried out in the current financial year based on results to hand, but in the meantime the Company continues to pilot the project with the objective of proving a repeatable gas extraction process that may be commercialised.

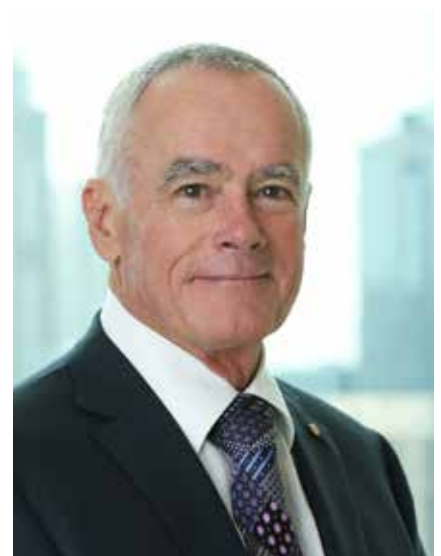
Whilst the COVID-19 pandemic has presented huge challenges throughout the Australian economy and energy sector this year, the Company remains well positioned to execute its strategy to bring West Erregulla online and to leverage its technical knowledge across its Perth Basin acreage.

These pursuits have been supported by Strike's expanded Board of Directors. In September 2019, we welcomed Mr Neville Power as a non-executive director and deputy-chair. We believe Mr Power's experience

as Chief Executive Officer of one of the largest gas buyers in WA, and his track record in the governance of large-scale projects will help us to achieve our vision of becoming one of the largest producers of domestic gas in WA. In March 2020, Prime Minister Scott Morrison appointed Mr Power as Chair of the National COVID Coordination Commission (NCCC). During the tenure of his role with the NCCC, Mr Power has stepped away from active participation at Strike Board meetings. We look forward to welcoming Mr Power back into active participation once he has completed his duties for Australia.

Strike's staff and contractors have demonstrated their ability to strive for and achieve excellence in safety and project delivery this year, and I sincerely thank and congratulate everyone for their commitment and the outstanding results which have been delivered.

I am very excited about the next 12 months for Strike Energy as we consider a Final Investment Decision on West Erregulla and undertake new exploration and appraisal activities to further define the value of our Perth Basin assets.



On behalf of the Board, I extend our thanks to all of shareholders for their ongoing support and continued confidence in the Company.

Yours sincerely,

John Poynton AO
Chairman – Strike Energy Limited

Managing Director's Report



Dear Shareholders,

The last financial year saw a successful transformation of Strike Energy. Our goal of becoming a leading supplier of domestic gas in Australia is backed by a strategy of diversification, innovation in subsurface analysis, operational excellence and commercial strength.

I'm pleased to report that during the year we have made very significant progress towards our goal of becoming a leading supplier of domestic gas in Australia. The discovery and subsequent booking of a 2C gross contingent gas resource of 1.185 Tcf at West Erregulla resulted in a substantial re-rating of the Company, and paved the way for us to take the next steps towards becoming a developer and supplier of gas in Western Australia².

Strike's exploration success is driven by our team's global exploration expertise, which we have applied by taking a fresh look at the Perth Basin, where existing subsurface paradigms were continuing unchallenged. For people outside, exploration success can appear to come quickly, and by chance. The reality is it takes years of experience to identify the right exploration opportunities. Those years of experience need to be mobilised quickly when the right opportunity is

found. I am very proud of the in-house team we have assembled at Strike, and the result we delivered in a very short timeframe.

West Erregulla discovery

When we first looked at the Perth Basin, Strike's early geological and geophysical models identified a high level of correlation of amplitude to what was interpreted as porous gas charged sandstones. We took the time to reprocess vintage seismic from Waitsia, and correlated those results to Waitsia's drilling outcomes, which helped us identify a high confidence drilling target over West Erregulla.

The results from the West Erregulla-2 well were at the high end of our expectations. Our modelling that the sand thickness would increase, and the porosity/permeability development would be even further pronounced, was proven correct. The well intersected hydrocarbon charges that included 10.2m of net pay in a 79m gas column within the Wagina, 58m of net pay within a 220m Kingia gas column and 10m within a 22m High Cliff gas column³. Throughout the drilling of the well Strike did not see a gas-water contact, with all results observed as gas on rock. This bodes well going into the appraisal campaign that the field is host to a large and pervasive gas resource.

When it came to completion of the West Erregulla-2 discovery well, because the Kingia sands encountered were so thick and of such quality, Strike exhausted all of its prepared perforations on the Kingia alone, which on test flowed at a maximum rate of 69 mmscf/d for a 1 hour period⁴. The total five-day long-flow testing of West Erregulla at different choke settings gave Strike's team sufficient confidence that we were looking at reservoir development of the equivalent quality to Waitsia, and that the early Permian gas play would extend in major sheet deposits spilling out to the South East through the Dandaragan Trough. These results indicate that Strike is now the largest acreage holder of what could become a regionally significant gas province.

Of course, a major gas discovery is what we were aiming for, and for Strike Energy this is just the beginning of our next chapter.

Development and appraisal plans

In May we partnered with Australian gas infrastructure leader AGIG as the preferred proponent to design, build, own and operate a 50TJ/day gas plant for the processing of Strike's gas from Phase 1 of West Erregulla. The project represents an investment of more than \$200 million in infrastructure and services by

² Refer to 'Information regarding Resource Estimates' on page (i) of this Annual Report for further information.

³ See ASX announcements dated 12 August 2019, 6 September 2019 and 11 September 2019.

⁴ See ASX announcement dated 25 October 2019.



Managing Director Stuart Nicholls with Australian Gas Infrastructure Group's General Manager Commercial Jon Cleary (left).

AGIG under a competitively priced long-term tariff. This structure will avoid substantial upfront capital for Strike and enable us to focus on execution of the upstream wells and infrastructure, and our ongoing Perth Basin exploration program.

The West Erregulla Gas Project has also been awarded Lead Agency Status by the Western Australian Government. This will assist Strike in navigating the approvals processes, expediting timeframes and ensuring efficient communication between Government agencies in order to bring our first gas online in 2022.

The Strike-operated EP469 Joint Venture has engaged Ensign Energy Services under a long-term contract to drill and complete appraisal drilling at West Erregulla, with the objective of confirming the size of the total recoverable resource, and providing confidence in the ultimate recoveries of the wells by testing the reservoir homogeneity. In addition, Strike expects to acquire additional information from the Wagina gas discovery in order to bring the discovery into the associated development plan. Strike expects to commence the campaign in September 2020.

All of this work will put Strike and our Joint Venture partner in a position to consider a Final Investment Decision for Phase 1 of West Erregulla.

Perth Basin exploration

In parallel with our development activities, we are continuing to invest in appraising and exploring our Perth Basin acreage. This includes the commencement of the Greater Erregulla resource aggregation program.

The merging of multiple 3D and 2D datasets over the areas to the south of West Erregulla matured a lead into a significant new prospect in 'South Erregulla,' which is estimated to contain 1.6 Tcf of gas in the best estimate (P50) (OGIIP Strike share prospective resource)⁵. Connectivity of the South Erregulla structure to West Erregulla is currently well imaged, supporting high confidence in finding an equivalent trap-seal combination that is likely to hold a conventional quality, hydrocarbon charged reservoir. Strike is confident that additional high value targets like South Erregulla will appear when new data is acquired in the adjacent areas by Strike and neighbouring operators.

In parallel to progressing growth in the Permian Gas Fairway, Strike acquired 3D seismic over a known Jurassic wet-gas accumulation at Walyering. This excellent quality data indicates high confidence of a wet-gas accumulation updip of the Walyering-4 well. An upgrade to the prospective resource has now reached 86 Bcf and 2.18 mmbbl of associated condensate in the best case (P50), with overall probability of success of proving a developable resource of 38%⁶. Post the balance date of the financial year and off the back of these technical breakthroughs, Strike agreed terms with Talon Petroleum Limited for a farm in by Talon Petroleum for a 45% non-operated interest in Walyering (EP447) and the formation of an unincorporated Joint Venture for the appraisal and, if warranted, development of the Walyering wet-gas discovery. Talon will carry Strike for the first \$6 million of a proposed \$9 million appraisal program set to take place after the West Erregulla Drilling campaign.

⁵ Refer to 'Information regarding Resource Estimates' on page (i) of this Annual Report for further information. Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates are un-risked and have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

⁶ Refer to 'Information regarding Resource Estimates' on page (i) of this Annual Report for further information. Refer footnote above for cautionary statement.



WA Gas Market Strategy

COVID-19 augmented the impact of already softening global oil prices, and the effects rippled through to an already over-supplied LNG market. These events have had a knock-on effect on prospective LNG projects in WA, which were in the latter stages of major project milestones. Both the Scarborough and Browse LNG mega projects have been delayed, and in the case of Browse, there is no timeframe for the development. Chevron also announced a 20% reduction in total capital investment for 2020 on top of major maintenance issues at Gorgon.

With Browse and Pluto's associated domestic gas making up 70% of the total prospective gas required to come online by the end of the decade, and the new uncertainty in the delivery timing of the Gorgon Phase 2, the WA gas market appears highly likely to tighten from 2022 onwards. This evolving landscape positions Strike well to deliver on its aspirations of becoming one of WA's largest domestic gas producers, as the market potential exists for the acceleration of the targeted Phase 2 Greater Erregulla volumes.

Strike released its Western Australian market strategy in late September 2019, which was centred around the opportunity for Strike's Perth Basin gas to provide long-term low-cost energy, supplanting other higher cost sources in the market. Strike also forecast growing demand from Western Australia's resources sector and identified the opportunity to use more gas in electricity production, where other more carbon intensive sources remain as a significant portion of the energy mix. By providing

a long term, reliable and competitive gas supply, Strike believes additional downstream demand will also quickly emerge.

Our plan to execute this strategy is based on the rapid commercialisation of phase one of West Erregulla in order to bring free cash flow into the business, place the field on long term test and lower the Company's cost of capital before committing to a much larger capital program for expansion and regional development.

Cooper Basin

The Southern Cooper Basin Gas Project continued its Jaws pilot throughout the financial year. Performance of the pilot is yet to generate a technical or commercial breakthrough, with water production holding at high levels, despite the continued drawdown and reduction of the bottom hole pressures. Gas production has not risen with the changes to the bottom hole conditions.

Strike will maintain production of the pilot before performing a technical review in the next financial year. As at 30 June 2020, Strike conducted a detailed review of its Cooper Basin assets as part of its impairment testing in accordance with Accounting Standards AASB 6. The Company assessed that it would apply a non-cash pre-tax impairment as at 30 June 2020 of -\$91 million to fully impair its assets in the Cooper Basin. Refer to note 4.1 for further details.

Health, Safety & Environment

I am pleased to report that we did not register any lost time injuries during our West Erregulla-2 well, our seismic campaign, or Jaws production pilot activities. The diligence of our people

and integrity of our safety systems has allowed us to continue our good recent safety record. We believe the safety of our employees, contractors and all personnel should always come first, and that a safe business is also a strong business.

Throughout Strike's operations we have dedicated significant time and resources to ensure our activities can be undertaken safely. This included the design, procurement and execution of Australia's deepest onshore well, more than 90km² of 3D seismic and the procurement and planning for the multi-well West Erregulla appraisal campaign, all amidst the new back drop of COVID-19.

Of course, we cannot rest on our laurels when it comes to safety. Strike's management team and key personnel continually monitor our operations, and regularly attend site to ensure compliance with our safety policies. We have formal structures in place to ensure we comply with relevant safety laws and regulations, and we encourage a safety-first culture in our organisation.

Strike is extremely cognisant of the environment in which it operates and continually monitors its impact on the surrounding landscape with a focus to minimise its environmental footprint. Strike ensures strict adherence to its environmental policies as well as the relevant laws and regulations under which it operates.

Corporate

Thanks to our offtake agreement with Wesfarmers and a high-quality asset base, we were able to raise more than \$30 million from investors during the year, which provided the platform for Strike to execute the next

phase of our exploration, appraisal and development workstreams. Also of note, during the year Orica Investments Pty Ltd exercised its right to convert \$2.5 million of debt to shares, which resulted in Strike becoming debt free (excluding leases) for the first time since 2013. We acknowledge and appreciate the support Orica has provided during our recent history.

Conclusion

I truly believe Strike Energy is in the right place at the right time, with the people and the assets to take advantage of the emerging Western Australian domestic gas opportunity.

I'd like to thank the Board for their continued support, and of course the management team and staff at Strike Energy, who are absolutely committed to the journey we are on, from explorer to developer and major supplier of gas in Australia.

Yours sincerely,



Stuart Nicholls

Managing Director and
Chief Executive Officer



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 2020.

Information about the Directors

The directors of the Company during the year ended 30 June 2020 and up to the date of this report are:

John Poynton

Chairman (Non-Executive), AO
CitWA B Com Hon D Com SF Fin (Life) FAICD FAIM

Mr Poynton is Chair of Poynton Stavrianou and Crown Perth and Deputy Chair of Sapien Cyber Ltd. He is a Member of the Future Fund Board of Guardians and a Director of Crown Resorts Ltd.

Mr Poynton has previously served as Chair, Deputy Chair or a Non-Executive Director of a number of ASX listed companies, Federal Government boards, education institutions and not-for-profit enterprises. These include Alinta Ltd, Austal Ltd, Multiplex Ltd, EFIC, the Payments System Board of the Reserve Bank of Australia, the Business School at UWA, Christ Church Grammar School and the WA Museum Foundation.

Mr Poynton is an Officer in the General Division of the Order of Australia and is a past recipient of a WA Citizen of the Year award in the Industry and Commerce category.

Mr Poynton was appointed to the board 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 a Non-executive Director of ASX listed Armour Energy Ltd, Renascor Resources Limited and Chairman of Laneway Resources Ltd.

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 Coal Ltd until its recent \$250 million takeover.

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.

Stuart Nicholls

Managing Director and Chief Executive Officer

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

In March 2020, the Prime Minister, the Hon Scott Morrison, appointed Mr Power to chair an expert business advisory board, established to advise the Prime Minister on economic recovery from the COVID-19 pandemic. Mr Power is also the Chairman of Perth Airport, the Foundation for the WA Museum and the Royal Flying Doctor Service Federation Board.

From 2011 to 2018, Mr Power was Managing Director and Chief Executive Officer, Fortescue Metals Group Ltd, one of the world's largest, lowest cost producers of iron ore, recognised for its unique culture, innovation with its world class infrastructure and mining assets in the Pilbara region of Western Australia. 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, Mr Power held Chief Executive positions at Thiess and the Smorgon Steel Group adding to his extensive background in the mining, steel and construction industries. In 2016 Mr Power was named WA Business Leader of the Year. He also has a long history in agribusiness and aviation holding both fixed wing and rotary pilot licenses.

Mr Power was appointed to the Board as a Non-Executive Director on 25 September 2019.

Jody Rowe

Non-Executive Director, Dip Acc; Dip FM; MAICD; MCIP

Ms Rowe's previous work experience includes senior Commercial roles in Australia and the United Kingdom working with organisations such as BG Group-QGC, Santos, Rio Tinto and Barrick Gold with particular focus on mega projects such as GLNG & QCLNG and large scale mining operations.

Ms Rowe recently retired as a board member for Sight for All, and is the Chief Executive Officer of Rowe Advisory working within the oil and gas, mining, industrial, construction, food and agriculture industries.

Ms Rowe was appointed to the Board as a Non-Executive Director on 30 June 2014.

Andrew Seaton

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

Mr Seaton is currently the Managing Director of Australian Naval Infrastructure, and a non-executive Director of Cavpower Pty Ltd, Homestart Finance Ltd and Hydrocarbon Dynamics Ltd.

Mr Seaton has over 30 years' experience in the upstream oil and gas sector in a range of engineering, project management, investment banking and senior executive roles.

From 2005 to 2016 he worked with Santos Limited in a range of senior commercial and finance roles, including the last 6 years as Chief Financial Officer.

Prior to this he worked as a Vice President in investment banking with Merrill Lynch in Melbourne and New York working 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 10 years working in process engineering and project management roles across upstream oil and gas and petrochemicals.

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.

Directors' Report continued

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	Current
Stephen Bizzell	Armour Energy Limited	Current
	Laneway Resources Limited	Current
	Renascor Resources Limited	Current
	Stanmore Coal Limited	Resigned 18 May 2020
	UIL Energy Limited	Acquired by Strike 14 December 2018
Neville Power	Fortescue Metals Group Limited	Resigned 21 Feb 2018
Andrew Seaton	Hydrocarbon Dynamics Limited	Current

Directors Meetings

The Board met nine times during the year. Two Nomination and Remuneration Committee meetings and four Audit and Risk Committee meetings were held. The number of meetings attended by each director during the financial year was:

	Board of Directors		Nomination and Remuneration Committee		Audit and Risk Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr J Poynton	9	9	2	2	-	-
Mr S Bizzell	9	9	1	1	1	1
Mr N Power	8	5	-	-	-	-
Mr S Nicholls	9	9	-	-	-	-
Ms J Rowe	9	9	-	-	4	4
Mr A Seaton	9	9	1	1	4	4

Reserves and Resources

Contingent resources (2C) were 183 million barrels of oil equivalent (mmbbl) at the end of June 2020. 2C increased by 99 mmbbl with the discovery of the West Erregulla field in the Perth Basin.

Contingent Resources (Strike Share)

All projects by product	Gas (bcf)	Condensate (mmbbl)	Total (mmbbl)
Contingent resources (2C)	1,093	1.0	183

All projects by region (mmbbl)	Perth Basin	Cooper Basin	Total
Contingent resources (2C)	166	17	183

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

bcf – billion cubic feet; mmbbl – million barrels of oil equivalent; mmbbl – million barrels

2C Contingent resources annual reconciliation	Perth Basin Condensate (mmbbl)	Perth Basin Gas (bcf)	Cooper Basin Gas (bcf)	Total (mmbbl)
30 June 2019	1	396	104	84
Revision to previous estimates	-	-	-	-
Extensions and discoveries	-	593	-	99
Acquisitions and divestments	-	-	-	-
30 June 2020	1	989	104	183

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).

The information in this report that relates to oil and gas contingent resource estimates at 30 June 2020 is based on information compiled or reviewed by Mr Andrew Farley who holds a B.Sc in Geology, and is a member of the Society of Petroleum Engineers. Mr Farley is the Exploration Manager of the Group and has worked in the petroleum industry as a practicing geologist for over 18 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.

Operating and Financial Review

Operating activities

The principal activities of the Group are exploration and evaluation of gas resources. Strike holds exploration acreage in both the Perth and Cooper Basins.

Exploration activities focused on the Perth Basin, with drilling the West Erregulla-2 in EP469 and shooting 3D seismic over 90km² in EP447 (Walyering). A significant contingent resource was recognised over the EP469 gas discovery in the Kingia and High Cliff formations leading to a pathway to further appraisal of the permit. The Group continued activities in preparation for further appraisal drilling in EP469.

In the Cooper Basin, the Group maintained steady operations on Jaws-1 to monitor the water drawdown and gas desorption of the coals.

Operating results for the year

The Group recognised a non-cash impairment charge of \$91.3 million after reviewing the recoverability of the Cooper Basin assets which increased the post-tax loss to \$97.4 million.

Changes in financial position

The Group's net assets decreased by 63% to \$37 million predominantly due to the impairment of the Cooper Basin assets. Strike raised equity of \$30 million (net of transaction costs) over the period and finished the financial year with a cash balance of \$21.6 million to fund its share of West Erregulla-3 drilling and other planned operations.

Total liabilities decreased by \$4.0 million compared to the prior year mainly due to the conversion of borrowings (\$2.5 million) to equity.

Historical Group performance

The table below summarises the Group's earnings and movements in shareholder wealth for the five years to 30 June 2020:

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Sales Revenue	-	-	-	697	1,492
Net profit/(loss) after tax	(97,406)	(2,668)	2,157	(4,320)	4,327
	\$	\$	\$	\$	\$
Share price at start of year	\$0.060	\$0.145	\$0.06	\$0.115	\$0.13
Share price at end of year	\$0.210	\$0.060	\$0.145	\$0.06	\$0.115
Basic profit/(loss) per share (cents)	(0.06)	(0.21)	0.20	(0.46)	0.51
Diluted profit/(loss) per share (cents)	(0.06)	(0.21)	0.20	(0.46)	0.51
Market capitalisation (million)	358.3	92.6	158.7	57.9	103.5

Climate change

The Group recognises the growing interest of our stakeholders in relation to the potential risks and opportunities posed to our business, and the broader sector, as a result of climate change and the anticipated global transition towards a lower carbon economy.

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 Board is considering the adoption of the Taskforce on Climate-related Financial Disclosures' (TCFD) Recommendations as a framework for guiding our climate-related risk management and disclosures in future reporting periods.

COVID-19

The oil and gas industry has been adversely impacted by the COVID-19 pandemic and reduced demand and supply disruptions. Whilst the COVID-19 pandemic has presented significant challenges throughout the Australian economy and energy sector this year, the Company remains well positioned to execute its strategy.

There were no material impacts of COVID-19 on the Financial Report as at 30 June 2020 however the Company will continue to monitor any future consequences due to the potential uncertainty in the medium to long term.

Remuneration Report

The remuneration report outlines the remuneration outcomes and activities for the Company's key management personnel (KMP) for FY20.

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 2020 and up to the date of this report.

Non-executive Directors

John Poynton	Chairman and non-executive director
Stephen Bizzell	Non-executive director
Neville Power	Non-executive director (appointed 25 September 2019)
Jody Rowe	Non-executive director
Andrew Seaton	Non-executive director

Executive Officers

Stuart Nicholls	Chief Executive Officer and Managing Director
Pax Barkla	Chief Operations Officer (appointed as KMP 1 July 2019)
Justin Ferravant	Chief Financial Officer and Company Secretary
Lucy Gauvin	General Counsel (appointed as KMP 1 July 2019)

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) and long-term incentives (LTI). The overall objective is to ensure maximum stakeholder benefit from the retention of a high quality and high performing executive team.

During the year Strike engaged an external consultant to conduct a benchmarking exercise of non-executive director and executive remuneration. The report did not make a remuneration recommendation for the purposes of the Corporations Act 2001. The benchmarking report confirmed that the non-executive director and executive remuneration is comparable to other peer entities with similar market capitalisation.

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 \$800,000 (FY19: \$400,000) may be applied to pay the non-executive Directors of the Company as approved by shareholders in 2019. Effective 1 October 2019, the base fee paid to the Directors was increased to \$80,000 (FY19: \$50,400) and the Chairman's fee to \$150,000 (FY19: \$67,500) per annum exclusive of superannuation. Additional fees for committee chairs and members are \$10,000 (FY19: \$4,000) and \$5,000 (FY19: \$0) per annum exclusive of superannuation, respectively. This fee structure 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. This process consists of a review of both the Company's and individual's performance, a comparison of current and proposed remuneration with data attained from industry relevant peers or industry associations and advice or input from external parties.

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.

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 and targets, 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. The STIP is also designed to retain staff over the vesting period of the award.				
How is the STIP aligned with shareholder interests?	The STIP sets safety, operational milestones and cost targets to enhance shareholder value.				
How is the STIP awarded?	The award is non-cash and delivered in the form of performance rights unless approved by the Board.				
When do the performance rights vest?	<p>The performance rights are awarded after the financial year has closed and once the Board has assessed the performance of the Company. The FY20 performance rights vest on 1 July 2021. 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.</p> <p>For the upcoming FY21 STIP, the Board has reduced the vesting period and the performance rights will vest 1 month following issue, which will occur after 1 July 2021.</p>				
What is the award opportunity (% of base remuneration)	<p>At the target level (1 x multiplier) the award opportunity is:</p> <table border="0"> <tr> <td>Managing Director and Senior Management</td> <td>50%</td> </tr> <tr> <td>Other Staff</td> <td>10%-25%</td> </tr> </table>	Managing Director and Senior Management	50%	Other Staff	10%-25%
Managing Director and Senior Management	50%				
Other Staff	10%-25%				
What is the performance period?	The STIP operates over a 12-month 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?	<p>The Board has set a scorecard to measure the Company's performance which is broken into three core components that the Board believes are key to delivering the Company's strategy over the year.</p> <p>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.</p> <p>The safety component includes a metric that is only awarded if there are no lost time injuries throughout the year. There is also a discretionary component which allows the Board to assign an award for performance not considered in the scorecard.</p> <p>All staff share the same scorecard and there is no individual performance weighting.</p>				
What was the result of the FY20 STIP?	The Board awarded a performance score of 85% for the FY20 STIP. This score was then applied to the target levels.				

The result for the FY20 STIP was 85% with the following outcomes:

Measure	Performance
Safety	Met health and safety targets during a high level of activity with drilling activities in Perth Basin.
Key gas milestones	Excellent result with West Erregulla Kingia/High-Cliff gas discovery and contingent resource booking. Good progress of activities towards further appraisal drilling and exploration. Jaws piloting operations continued, although expected gas flow rate increases were not achieved.
Cost Management	Achievement of operational cost control targets.
Board Discretionary	Recognition of the formative change in the Company's performance and the successful strategy to invest in the Perth Basin.

The FY21 STIP scorecard and relative target weightings are:

Measure	Weighting	Rationale
Safety	10%	Managing the health and safety matters as a critical business activity.
Perth Basin Exploration & Appraisal	15%	Booking a maiden reserve and additional resources.
West Erregulla Development Milestone	50%	Focus on delivery of WE3/WE4 and development milestones.
Cost Management & Commercial	15%	Working towards commercialisation of assets.
Board Discretionary	10%	The Board recognises exceptional performance not covered by the metrics in the scorecard.

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 by a recipient unless otherwise determined by the Board.

The Company's Security Trading policy prohibits speculative trading in the Company's securities or hedging of options granted under the Plan. Prohibited hedging practices include put/call arrangements over "in-the-money" options to hedge against a future drop in share price. The Board considers such hedging to be against the spirit of the Plan and inconsistent with shareholder objectives. Further information on the Plan is set out under note 7.

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 will be 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 will be 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 FY20 tranche (FY20 LTIP) will be tested for vesting on 30 June 2022. 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: <table border="0" style="margin-left: 20px;"> <tr> <td>Managing Director</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Executive KMP</td> <td style="text-align: right;">50-60%</td> </tr> </table>	Managing Director	100%	Executive KMP	50-60%
Managing Director	100%				
Executive KMP	50-60%				
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 considering the absolute TSR and relative TSR of the Company against a comparative group of Australian exploration and production companies. The FY20 relative TSR comparative group consists of 14 ASX listed entities: Australis Oil & Gas Limited, Buru Energy Limited, Byron Energy Limited, Carnarvon Petroleum Limited, Central Petroleum Limited, Comet Ridge Limited, Cooper Energy Limited, FAR Limited, Galilee Energy Limited, Horizon Oil Limited, Karoon Energy Limited, Otto Energy Limited, Senex Energy Limited, and Warrego Energy Limited. The FY21 relative TSR comparative group removes Central Petroleum Limited and adds Empire Energy Group Limited and Cue Energy Resources Limited. The group will be reviewed for relevance and amended annually as appropriate.				
Did any LTIP vest during FY20?	No LTIP performance rights vested during FY20. The FY19 LTIP tranche will be tested for vesting on 30 June 2021.				

At grant date the FY20 LTIP absolute performance measures and vesting conditions are below. These performance measures and vesting conditions are also used for the FY21 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. 10% to < 15% p.a. 15% to <20% p.a. 20% to < 25% p.a. Above 25% p.a.	0 25% 50% 75% 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 60th percentile 61st to 75th percentile > 76th percentile and above	0 60% 61% to 99% 100%

Directors' Report continued

Given the appreciation of the share price since the beginning of July 2019, revised higher vesting conditions have been set for the absolute TSR for the FY20 Tranche of the LTIP. These vesting conditions are:

Measure	Weighting	Definition	Hurdles	Vesting Percentage
Absolute TSR	50%	The Company's absolute TSR calculated as at the vesting date.	Below 50% p.a.	0
			50% to < 60% p.a.	25%
			60% to < 70% p.a.	50%
			70% to < 75% p.a.	75%
			Above 75% p.a.	100%

Where a vesting condition changes during the year that is not beneficial to the employee, this is accounted for as if the modification has not occurred in line with AASB 2. FY20 LTIP are valued at the original vesting conditions on grant date 16 August 2019.

Remuneration details of key management personnel

\$ Year ended 30 June 2020	Salary and fees	Superannuation	Cash Bonus	Long Service Leave	Share-based payments ^{(iii)(v)}	Total	% of total at risk remuneration
Non-executive directors							
S Bizzell	76,350	7,253	-	-	296,469	380,072	78%
N Power ⁽ⁱ⁾	61,231	5,817	-	-	539,513	606,561	89%
J Poynton	136,875	13,003	-	-	-	149,878	-
J Rowe	76,350	7,253	-	-	-	83,603	-
A Seaton	82,100	7,800	-	-	-	89,900	-
Executive officers							
P Barkla ⁽ⁱⁱ⁾	303,590	26,204	-	9,861	109,963 ^(iv)	449,618	24%
J Ferravant	313,229	21,461	-	2,444	250,095 ^(iv)	587,229	43%
L Gauvin ⁽ⁱⁱ⁾	185,531	17,820	-	3,772	215,565 ^(iv)	422,688	51%
S Nicholls	512,330	21,003	-	14,015	421,679 ^(iv)	969,027	44%
Total	1,747,586	127,614	-	30,092	1,833,284	3,738,576	-

(i) Appointed 25 September 2019.

(ii) Appointed as KMP 1 July 2019. L Gauvin employed on a part-time basis.

(iii) Remuneration includes a portion of the notional value of equity compensation granted or outstanding during the year in accordance with Australian Accounting Standards. 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. Where a vesting condition changes during the year that is not beneficial to the employee, this is accounted for as if the modification has not occurred in line with AASB 2. FY20 LTIP are valued at the original vesting conditions on grant date 16 August 2019.

(iv) Includes performance rights for financial year 2020 granted but not yet issued

(v) Accounting valuations for share options are 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

\$ Year ended 30 June 2019	Salary and fees	Superannuation	Cash Bonus	Non- monetary ^(iv)	Share-based payments ⁽ⁱⁱⁱ⁾	Total	% of total at risk remuneration
Non-executive directors							
S Bizzell ⁽ⁱ⁾	25,200	2,394	-	6,666	-	34,260	-
T Goyder ⁽ⁱⁱ⁾	25,200	1,197	-	6,666	-	33,063	-
J Poynton	67,500	6,413	-	13,332	-	87,245	-
J Rowe	51,183	3,591	-	13,332	-	68,106	-
A Seaton	58,400	5,548	-	13,332	-	77,280	-
Executive officers							
J Ferravant	253,219	20,531	-	13,332	117,486	404,568	29%
S Nicholls	273,973	28,271	50,000	13,332	135,499	501,075	37%
Total	754,675	67,945	50,000	79,992	252,984	1,205,597	-

(i) Appointed 31 December 2018.

(ii) Resigned 31 December 2018

(iii) Remuneration includes a portion of the notional value of equity compensation granted or outstanding during the year in accordance with Australian Accounting Standards. 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.

(iv) Non-monetary amounts consist of directors and officers' liability insurance allocated to each KMP based on length of service throughout the year.

Other than disclosed above, KMP did not receive any additional remuneration as part of his or her consideration for agreeing to hold their position.

Employee share incentive plan

The Group operates an employee share incentive plan ("the Plan") to which executive directors, senior management, employees and contractors or associated entities are able to participate. Under the terms of the Plan which was last approved by the Shareholders of the Company on 14 November 2019, 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.

Directors' Report continued

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 2019	Granted	Expired	Exercised	Balance at 30 June 2020
P Barkla	7 August 2015	150,000	-	-	(150,000)	-
	7 August 2015	150,000	-	(150,000)	-	-
	7 August 2015	150,000	-	(150,000)	-	-
	17 October 2018	765,285	-	-	(765,285)	-
	9 May 2019	1,293,103	-	-	-	1,293,103
	16 December 2019	-	667,555 ⁽ⁱⁱ⁾	-	-	667,555
Total		2,508,388	667,555	(300,000)	(915,285)	1,960,658
Total (\$)		-	\$144,926	(\$13,800)	(\$251,966)	-
J Ferravant	17 October 2018	797,414	-	-	(797,414)	-
	14 December 2018	1,244,516	-	-	-	1,244,516
	9 May 2019	1,293,103	-	-	-	1,293,103
	16 August 2019	-	2,818,965 ⁽ⁱ⁾	-	-	2,818,965
	16 December 2019	-	685,168 ⁽ⁱⁱ⁾	-	-	685,168
	Total		3,335,033	3,504,133	-	(797,414)
Total (\$)		-	\$496,842	-	(\$115,625)	-
L Gauvin	17 October 2018	574,138	-	-	(574,138)	-
	9 May 2019	931,034	-	-	-	931,034
	24 October 2019	-	1,551,724 ⁽ⁱ⁾	-	-	1,551,724
	16 December 2019	-	400,534 ⁽ⁱⁱ⁾	-	-	400,534
	Total		1,505,172	1,952,258	-	(574,138)
Total (\$)		-	\$522,215	-	(\$83,250)	-
S Nicholls	17 October 2018	689,655	-	-	(689,655)	-
	17 May 2018	2,500,000	-	-	-	2,500,000
	14 December 2018	2,273,089	-	-	-	2,273,089
	9 May 2019	1,551,724	-	-	-	1,551,724
	16 August 2019	-	5,172,414 ⁽ⁱ⁾	-	-	5,172,414
	16 December 2019	-	1,135,421 ⁽ⁱⁱ⁾	-	-	1,135,421
	Total		7,014,468	6,307,835⁽ⁱⁱⁱ⁾	-	(689,655)
Total (\$)		-	\$885,293	-	(\$100,000)	-

(i) FY20 LTIP performance rights which will be tested on 30 June 2022.

(ii) FY20 STIP performance rights granted but not yet issued.

(iii) No performance rights granted during the year have vested or been forfeited.

There were no KMP share-based payment instruments that lapsed during the current financial year as a result of cessation of employment.

Key management personnel equity holdings

Name	Balance at 1 July 2019	Granted	Purchased	Sold	Exercised	Balance at 30 June 2020
Non-executive directors						
S Bizzell	7,315,779	-	3,076,923	-	-	10,392,702
N Power	10,612,885	-	2,000,000	-	-	12,612,885
J Poynton	5,260,868	-	3,239,133	-	-	8,500,001
J Rowe	979,984	-	-	-	-	979,984
A Seaton	630,434	-	-	-	-	630,434
Executive officers						
P Barkla	251,067	-	-	-	915,285	1,166,352
J Ferravant	307,690	-	573,914	-	797,414	1,679,018
L Gauvin	-	-	-	-	1,574,138	1,574,138
S Nicholls	455,434	-	130,434	-	689,655	1,275,523
Total	25,814,141	-	9,020,404	-	3,976,492	38,811,037

Key management personnel option holdings

Name	Balance at 1 July 2019	Granted	Expired	Exercised	Balance at 30 June 2020
Non-executive directors					
S Bizzell	363,750	5,000,000	-	-	5,363,750
N Power	-	6,000,000	-	-	6,000,000
J Poynton	7,000,000	-	-	-	7,000,000
J Rowe	5,000,000	-	-	-	5,000,000
A Seaton	5,000,000	-	-	-	5,000,000
Executive officers					
P Barkla	1,000,000	-	-	-	1,000,000
J Ferravant	1,000,000	-	-	-	1,000,000
L Gauvin	1,000,000	-	-	(1,000,000)	-
S Nicholls	2,000,000	-	(2,000,000)	-	-
Total	22,363,750	11,000,000	(2,000,000)	(1,000,000)	30,363,750

Key management personnel performance rights holdings

Name	Balance at 1 July 2019	Granted	Expired	Exercised	Balance at 30 June 2020
Executive officers					
P Barkla	2,508,388	667,555	(300,000)	(915,285)	1,960,658
J Ferravant	3,335,033	3,504,133	-	(797,414)	6,041,752
L Gauvin	1,505,172	1,952,258	-	(574,138)	2,883,292
S Nicholls	7,014,468	6,307,835	-	(689,655)	12,632,648
Total	14,363,061	12,431,781	(300,000)	(2,976,492)	23,518,350

Key terms of employment contracts

Name	Term of agreement	Total fixed remuneration ⁽ⁱ⁾	Variable remuneration	Notice period	Termination entitlement
S Nicholls	Full time - permanent	\$580,000	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	Notice period per contract and entitlements. 12 months of total fixed remuneration if terminates for redundancy. Entitled to payment on satisfactory completion of 6 month non-compete.
P Barkla	Full time - permanent	\$341,003	Eligible to participate in the ESIP in STIP and LTIP as determined by the board	3 months	Notice period per contract and entitlements
J Ferravant	Full time - permanent	\$350,000	Eligible to participate in the ESIP in STIP and LTIP as determined by the board	3 months	Notice period per contract and entitlements. 12 months of total fixed remuneration if terminates for redundancy
L Gauvin	Part time - permanent	\$204,602 ⁽ⁱⁱ⁾	Eligible to participate in the ESIP in STIP and LTIP as determined by the board	3 months	Notice period per contract and entitlements. 12 months of total fixed remuneration if terminates for redundancy

(i) Salary revision effective 1 September 2019, including superannuation.

(ii) Employed on part time basis.

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	Expiry date	Fair Value	Exercise price	Number
Options - 21 Aug 2017 ⁽ⁱ⁾	31 July 2022	\$0.12	\$0.15	8,000,000
Options - 16 Nov 2017 ⁽ⁱ⁾	31 July 2022	\$0.12	\$0.15	6,000,000
Options - 17 May 2018 ⁽ⁱ⁾	31 July 2022	\$0.12	\$0.15	5,000,000
Options - 16 Aug 2019 ⁽ⁱ⁾	31 July 2022	\$0.12	\$0.15	5,000,000
Options - 27 Dec 2018 ⁽ⁱ⁾	31 Dec 2020	\$0.007	\$0.15	363,750
Options - 14 Nov 2019 ⁽ⁱ⁾	25 Sep 2022	\$0.090	\$0.35	6,000,000
Options - 31 July 2020 ⁽ⁱ⁾	31 July 2022	\$0.100	\$0.23	3,000,000
			Total	33,363,750

Instrument/Grant date	Expiry date	Absolute TSR	Relative TSR	Fair Value	Number
Milestone Performance rights - 17 May 2018 ⁽ⁱⁱ⁾	N/A	N/A	N/A	\$0.076	2,500,000
FY19 LTIP Performance rights - 14 December 2018 ⁽ⁱⁱⁱ⁾	30 September 2021	\$0.425	\$0.644	\$0.535	3,517,605
FY19 STIP Performance rights - 15 November 2019	30 September 2020	N/A	N/A	\$0.058	5,068,964
FY20 LTIP Performance rights - 16 August 2019 ^(iv)	30 September 2022	\$0.114	\$0.133	\$0.124	7,991,379
FY20 LTIP Performance rights - 24 October 2019 ^(iv)	30 September 2022	\$0.274	\$0.287	\$0.281	1,551,724
FY20 STIP Performance rights - 16 December 2019 ^(v)	30 September 2021	N/A	N/A	\$0.217	2,888,678
				Total	23,518,350

⁽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⁾ FY19 LTIP performance rights which will be tested on 30 June 2021.

^(iv) FY20 LTIP performance rights which will be tested on 30 June 2022.

^(v) FY20 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 during the year ended or since 30 June 2020 as a result of the exercise of options or performance rights.

Original Security	Issue Date	Number of Shares Issued
Performance Rights	22 July 2019	797,414
Performance Rights	22 July 2019	689,655
Performance Rights	22 July 2019	915,285
Performance Rights	22 July 2019	574,138
Performance Rights	06 August 2020	5,068,964
Options	10 September 2019	1,000,000

Directors' Report continued

Transactions with key management personnel

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

- \$427 (2019: \$7,714) was paid to Mulloway Pty Ltd (a director related entity via Mr J Poynton) for travel and other expenses;
- \$101,949 (2019: \$8,113) was paid to Jindalee Partners (a director related entity of Mr J Poynton) for capital advisory services;
- \$6,095 (2019: \$29,500) was paid to Bizzell Capital (a director related entity of Mr S Bizzell) by Petra Capital for share placement services;
- \$14,000 (2019: \$11,000) was paid to 66 KPR (a director related entity of Mr N Power) for rental expense.

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.

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 2020 (2019: 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 28.

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

Strike has entered into a farm-in agreement with ASX listed Talon Petroleum Limited for the acquisition by Talon of a 45% non-operated interest in Walyering (EP477) and formation of an unincorporated Joint Venture for the appraisal and, if warranted, development of Walyering.

The Group settled its litigation with Innovation and Science Australia in relation to FY16 and FY18 research and development matters.

The Company announced that CSPB, a subsidiary of Wesfarmers Chemicals, Energy and Fertilisers, had converted its gas supply option to a firm 100PJ gas offtake agreement at 25TJ/d subject to a final investment decision on the West Erregulla project.

There have been no other events subsequent to 30 June 2020 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
18 September 2020

Auditor's Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

18 September 2020

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

Dear Board Members

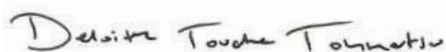
Auditor's Independence Declaration to Strike Energy Limited

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 2020, 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



Darren Hall
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Directors' Declaration

The Directors declare that:

- a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity;
- c) In the Directors' opinion, the financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 2; and
- d) The Directors have been given the declarations required by s.295A of the Corporations Act.

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

On behalf of the Directors



Stuart Nicholls
Managing Director
Adelaide, South Australia

18 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

\$'000	Note	30 June 2020	30 June 2019
Other income	2.2	2,005	1,207
Total Revenue		2,005	1,207
Operating and administration expenses	2.2	(8,207)	(3,465)
Loss before financing and impairment		(6,202)	(2,258)
Financial income	5.2	180	82
Financial expenses	5.2	(90)	(492)
Net financial costs		90	(410)
Impairment of exploration and evaluation assets	4.1	(91,294)	-
Loss before income tax		(97,406)	(2,668)
Income tax benefit	2.3	-	-
Loss for the period from continuing operations		(97,406)	(2,668)
Total comprehensive income/(loss) for the period		(97,406)	(2,668)
Total comprehensive income/(loss) attributable to Strike shareholders		(97,406)	(2,668)
Profit/(Loss) per share			
From continuing operations			
- Basic (cents per share)	2.4	(0.06)	(0.21)
- Diluted (cents per share)	2.4	(0.06)	(0.21)

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 2020

\$'000	Note	30 June 2020	30 June 2019
Cash and cash equivalents	3.1	21,565	11,351
Inventory		18	18
Trade and other receivables	3.2	369	1,587
Other financial assets	3.4	363	224
Total current assets		22,315	13,180
Right of use assets	8.2	256	-
Exploration and evaluation assets	4.1	37,671	113,987
Property, plant and equipment		275	181
Total non-current assets		38,202	114,168
Total assets		60,517	127,348
Trade and other payables	3.3	(1,970)	(4,888)
Employee benefits	7.2	(387)	(230)
Provisions	4.2	(537)	(462)
Total current liabilities		(2,894)	(5,580)
Employee benefits	7.2	(161)	(71)
Provisions	4.2	(2,805)	(2,166)
Borrowings	5.1	-	(2,458)
Other liabilities	5.5	(17,277)	(17,277)
Lease liabilities		(371)	-
Total non-current liabilities		(20,614)	(21,972)
Total liabilities		(23,508)	(27,552)
Net assets		37,009	99,796
Equity			
Issued capital	5.3	211,978	179,419
Reserves	5.3	4,379	2,319
Accumulated losses		(179,348)	(81,942)
Total equity		37,009	99,796

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 year ended 30 June 2020

\$'000	Issued Capital	Share Based Payment Reserve	Accumulated Losses	Total Equity
Balance at 1 July 2018	140,897	1,503	(79,274)	63,126
Profit/(Loss) for the period	-	-	(2,668)	(2,668)
Total comprehensive income/(loss) for the period	-	-	(2,668)	(2,668)
Recognition of share-based payments	-	816	-	816
Issue of ordinary shares during the period	40,276	-	-	40,276
Share issue costs	(1,754)	-	-	(1,754)
Balance at 30 June 2019	179,419	2,319	(81,942)	99,796
Balance at 1 July 2019	179,419	2,319	(81,942)	99,796
Profit/(Loss) for the period	-	-	(97,406)	(97,406)
Total comprehensive income/(loss) for the period	-	-	(97,406)	(97,406)
Recognition of share-based payments	-	2,108	-	2,108
Transfer of options exercised	48	(48)	-	-
Issue of ordinary shares during the period	33,953	-	-	33,953
Share issue costs	(1,442)	-	-	(1,442)
Balance at 30 June 2020	211,978	4,379	(179,348)	37,009

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 year ended 30 June 2020

\$'000	Note	30 June 2020	30 June 2019
Cash flows from operating activities			
Interest received		186	82
Interest paid		(48)	(496)
Net receipts from joint operations recoveries		1,950	1,099
Payments to suppliers and employees		(5,028)	(2,618)
Net cash provided by/(used in) operating activities	3.1	(2,940)	(1,933)
Cash flows from investing activities			
Payments for exploration, evaluation, expenditure assets		(16,595)	(15,612)
Grants		-	107
Payments made for acquisitions		-	(860)
Payments made for property, plant and equipment		(200)	(149)
Net cash provided by/(used in) investing activities		(16,795)	(16,514)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		31,453	28,811
Payment of share issue costs		(1,442)	(1,723)
Proceeds from GSA Option		-	5,000
Payment of lease liability		(24)	-
Repayment of borrowings		-	(5,265)
Term deposit maturity		(37)	10
Net cash provided by/(used in) financing activities		29,950	26,833
Net increase/(decrease) in cash and cash equivalents		10,215	8,386
Cash and cash equivalents at the beginning of the period		11,351	2,973
Effects of exchange rate changes on the balances of cash held in foreign currencies		(1)	(8)
Cash and cash equivalents at the end of the period	3.1	21,565	11,351

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

Notes to the financial statements for the year ended 30 June 2020

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 2020 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 18 September 2020.

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

The address of the registered office of the Company is Unit 1, 31-35 George Street, Thebarton, SA 5031, Australia, with effect from 1 September 2017.

1.2 Statement of Compliance

The Group’s Financial Statements as at and for the year ended 30 June 2020:

- 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;
- presents reclassified comparative information where required for consistency with the current year’s presentation;
- 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 2019. 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 2020 the Group incurred a net loss before income tax of \$97,406,000 (2019: net loss before income tax \$2,668,000), had a net cash outflow from operating activities of \$2,940,000 (2019: \$1,933,000 outflow), and a net cash outflow from investing activities of \$16,795,000 (2019: \$16,514,000). As at 30 June 2020, the Group had a net current asset surplus position of \$19,421,000 (2019: \$7,600,000) and cash reserves of \$21,565,000 (2019: \$11,351,000).

As disclosed in note 8.3, subsequent to year end the Group reached a positive settlement with Innovation and Science Australia (ISA) for the FY16 and FY18 research and development (R&D) matters and as such, expect to lodge an adjustment to the FY16 tax return and proceed with the FY18, FY19 and FY20 R&D registrations to claim a refund in respect of eligible R&D activities. This process is expected to be finalised in FY21 and Strike expect to receive a R&D tax incentive refund of greater than \$7 million.

Based upon the Board approved cash flow forecast, which includes the expected receipt of the above R&D refund, the Directors believe that the current cash resources available to the Group will be sufficient to meet the planned operating costs, planned exploration, evaluation and development expenditure and to pay its debts as and when they fall due for the 12 months from the date of signing this report.

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

2.3 *Income tax*

2.3 *Research and development*

4.1 *Exploration and evaluation assets*

4.2 *Restoration obligations and other provisions*

The Board and management have considered the impact of COVID-19 on the consolidated entity's operations and financial performance and have noted that this has not had a significant impact to date and Strike's business has been resilient.

In preparing the consolidated financial report, management has considered the impact of Covid-19 on the various balances and accounting estimates in the financial report, including the carrying values of exploration and evaluation assets.

Management determined that there was no significant impact of COVID-19 on these balances and accounting estimates.

Whilst the COVID-19 pandemic has presented significant challenges throughout the Australian economy and energy sector this year, the Company remains well positioned to execute its strategy. There were no material impacts on the Financial Report as at 30 June 2020. 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 and Evaluation activity in 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 2020	30 June 2019
(a) Other income		
Cost recoveries	1,950	1,099
Other	55	108
Total Revenue	2,005	1,207
(b) Operating and administration expenses		
Depreciation – property, plant and equipment	(106)	(56)
Employee benefits expense	(2,888)	(963)
Share-based payments expense	(2,108)	(754)
Corporate expenses	(1,362)	(623)
Legal fees	(277)	(143)
Consulting fees	(895)	(469)
Office costs	(38)	(27)
Other	(533)	(430)
Total Operating and administration expenses	(8,207)	(3,465)

2.3 Income tax

For the year ended \$'000	30 June 2020	30 June 2019
Income tax recognised in the statement of comprehensive income		
Tax benefit/(expense) comprises:		
Current tax benefit/(expense) in respect of the current year	5,612	5,382
Eligible R&D refund	-	-
Deferred tax expenses relating to the origination and reversal of temporary differences	20,952	(4,385)
Deferred tax benefit not brought to account	(26,564)	(997)
Total income tax benefit/(expense) relating to continuing operations	-	-

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 30 June 2020 \$'000	30 June 2020	30 June 2019
Reconciliation of effective tax rate		
Profit/(Loss) from continuing operations before income tax	(97,406)	(2,668)
Income tax benefit/(expense) calculated at 27.5% (2019: 27.5%)	26,787	733
Effect of income and expenditure that is either not assessable or deductible	(619)	(210)
Effect of tax concessions (research and development and other allowances)	-	-
Effect of deferred tax arising from equity	396	474
Effect of deferred tax benefit not brought to account	(26,564)	(997)
Income tax benefit at 30 June 2020	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

Notes to the financial statements
for the year ended 30 June 2020 continued

Deferred tax balances

For the year ended 30 June 2020

\$'000	Opening balance	Impact of tax rate changes & under/over	Acquisitions	Recognised in profit or loss	Recognised in equity	Closing balance
Temporary differences						
Exploration and evaluation assets	(26,998)	(18)	-	20,550	-	(6,466)
Accrued interest income	(3)	-	-	2	-	(1)
Borrowings	-	-	-	-	-	-
Accruals	-	-	-	-	-	-
Other	-	-	-	1	-	1
Provisions	93	-	-	263	-	356
Deferred income	1,375	-	-	-	-	1,375
Temporary differences	(25,533)	(18)	-	20,816	-	(4,735)
Business capital expenditure (Section 40-880)	657	(20)	-	(19)	155	773
Total temporary differences	(24,876)	(38)	-	20,797	155	(3,962)
Unused tax losses and credits						
Revenue	13,856	17	-	5,612	-	19,485
Revenue subject to available fraction	15,611	-	-	-	-	15,611
Capital in nature	12,040	-	-	-	-	12,040
Capital in nature subject to available fraction	318	-	-	-	-	318
Total unused tax losses/credits	41,825	17	-	5,612	-	47,454
Deferred tax assets/(liabilities)	4,591	(21)	-	26,409	155	31,134

For the year ended 30 June 2019

\$'000	Opening balance	Impact of tax rate changes & under/over	Acquisitions	Recognised in profit or loss	Recognised in equity	Closing balance
Temporary differences						
Exploration and evaluation assets	(24,380)	2,032	-	(4,649)	-	(26,997)
Accrued interest income	(1)	-	-	(2)	-	(3)
Borrowings	16	(1)	-	(15)	-	-
Accruals	25	(2)	-	(23)	-	-
Provisions	67	(6)	-	31	-	92
Deferred income	-	-	-	1,375	-	1,375
Temporary differences	(24,273)	2,023	-	(3,283)	-	(25,533)
Business capital expenditure (Section 40-880)	238	-	146	(39)	312	657
Total temporary differences	(24,035)	2,023	146	(3,322)	312	(24,876)
Unused tax losses and credits						
Revenue	4,637	3,837	-	5,382	-	13,856
Revenue subject to available fraction	16,923	(1,410)	98	-	-	15,611
Capital in nature	14,635	(1,220)	-	(1,375)	-	12,040
Capital in nature excess percentage depletion	347	(29)	-	-	-	318
Total unused tax losses/credits	36,542	1,178	98	4,007	-	41,825
Deferred tax assets/(liabilities)	(2,475)	4,450	244	2,060	312	4,591

Notes to the financial statements

for the year ended 30 June 2020 continued

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 2020	30 June 2019
Tax losses – revenue	19,485	13,856
Tax losses – revenue subject to available fraction	15,611	15,611
	35,096	29,467
Temporary differences (deferred tax asset)	2,505	2,125
Temporary differences (deferred tax liability)	(6,467)	(27,001)
Net unrecognised deferred tax assets	31,134	4,591

The Group has gross tax losses arising in Australia of \$127,265,988 (2019: \$106,793,468). The Group has capital losses arising in Australia of \$44,939,969 (2019: \$44,939,969).

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

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.

(b) Research and development tax incentives

To the extent that research and development costs are eligible activities under the “Research and Development Tax Incentive” program, a refundable tax offset is available for companies with annual turnover of less than \$20 million. The Company recognises refundable tax offsets in the financial year as an income tax benefit in the statement of comprehensive income as a component of the profit or loss, resulting from the monetisation of available tax losses that otherwise would have been carried forward. Refer to note 8.3.

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 and in particular R&D. 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 2020	30 June 2019
Profit/(loss) used in the calculation of basic earnings per share from continuing operations	(97,406)	(2,668)
Earnings used in calculating basic and diluted earnings per share	(97,406)	(2,668)
Number of shares ('000)	1,706,248	1,544,087
Weighted average number of ordinary shares used in calculating basic earnings per share ('000)	1,651,691	1,272,931
Diluted profit/(loss) per share:		
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)	1,681,098	-
The number of instruments which are potential ordinary shares that are not dilutive and hence not used in the valuation of the diluted earnings per share ('000)	6,000	46,190
Basic earnings per share (cents per share)	(0.06)	(0.21)
Diluted earnings per share (cents per share)	(0.06)	(0.21)

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 period (2019:Nil)

Notes to the financial statements
for the year ended 30 June 2020 continued

Section 3: Working Capital Management

3.1 Cash and cash equivalents

As at \$'000	30 June 2020	30 June 2019
Cash and cash equivalents ⁽ⁱ⁾	21,565	11,351
	21,565	11,351

(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 2020	30 June 2019
Reconciliation of net profit after tax to net cash flows from operations:		
Profit/(loss) for the period	(97,406)	(2,668)
Adjustments to reconcile profit after tax to net cash flow:		
Depreciation and amortisation	106	56
Share-based payments expense	2,108	754
Restoration Unwind	(33)	89
Impairment expense	91,294	-
Other Expense	1	114
Lease depreciation	139	-
Interest/Foreign exchange capitalized	47	7
Investing items – Grants received	-	(107)
(Increase)/ decrease in trade and other receivables	315	(381)
Increase/ (decrease) in trade and other payables	242	47
Increase/ (decrease) in employee benefits	247	156
Net cash provided by operating activities	(2,940)	(1,933)

Reconciliation of liabilities arising from financing activities

For the year \$'000	Lease Liability	Orica ⁽ⁱ⁾	Total
Balances at 1 July 2019	-	2,323	2,323
Non-cash changes	371	(2,323)	(1,952)
Balance at 30 June 2020	371	-	371

(i) Refer to note 5.1 for details.

3.2 Trade and other receivables

As at \$'000	30 June 2020	30 June 2019
Current		
GST receivable	164	206
Other receivables	205	1,381
	369	1,587

Trade and other receivables are initially recognised at fair value, which in practice is equivalent to cost, less any impairment losses. 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. There was no evidence that impairment existed at balance date (2019: Nil). There were no amounts that were past due but not considered to be impaired at balance date (2019: Nil).

3.3 Trade and other payables

As at \$'000	30 June 2020	30 June 2019
Trade payables	1,795	3,271
Accruals and other payables	175	1,617
Total trade and other payables (current)	1,970	4,888

Trade and other payables are initially recognised at fair value, are non-interest bearing and are normally settled within 30 days (2019: 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 financial assets

As at \$'000	30 June 2020	30 June 2019
Current		
Advances ⁽ⁱ⁾	17	10
Security Deposits ⁽ⁱⁱ⁾	202	164
Prepayments	144	50
	363	224

(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 certain leasing obligations. The weighted average interest 1.11% (2019: 2.65%)

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

Section 4: Resource Assets

4.1 Exploration and evaluation assets

For the year ended \$'000	30 June 2020	30 June 2019
Opening balance	113,987	84,108
Additions	14,582	16,881
Change in restoration provision	396	597
Acquisition of joint operation interests	-	12,401
Impairment	(91,294)	-
Closing Balance	37,671	113,987

Impairment charge

During the financial year, the Group recognised a \$91.3 million impairment charge (2019: Nil)

The periodic review as at 30 June 2020 of the Cooper Basin assets demonstrated that there was no substantive activity or expenditure planned for the Aldinga oil production well, Marsden 1 exploration well in PEL95 or for the Davenport 1 well in PEL94. The PEL96 (Jaws) project was considered in terms of pilot production performance during the year and the current gas market conditions. The Company is yet to achieve positive results from this project, with ongoing water production restricting the wells' ability to initiate meaningful gas desorption and pilot production performance during the year not generating a technical or commercial breakthrough. While the Jaws project will continue to be piloted for the immediate future, it was assessed to be unlikely to recover the asset carrying value in accordance with AASB 6.

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.

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 judgement 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. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of comprehensive income.

4.2 Restoration obligations and other provisions

As at \$'000	Legal Fees ⁽ⁱⁱ⁾	Restoration and rehabilitation	Total
Balance at 1 July 2019	-	2,628	2,628
Provisions made during the year	351	-	351
Adjustment for change in discount rate ⁽ⁱ⁾	-	396	396
Provisions used during the year	-	-	-
Restoration Unwind	-	(33)	(33)
Balance at 30 June 2020	351	2,991	3,342
Current	351	186	537
Non-current	-	2,805	2,805
Total provisions at 30 June 2020	351	2,991	3,342

(i) Inflation rate of 1.70% (2019: 1.90%) and discount rate of 1.23% (2019: 2.82%) was used in the restoration and rehabilitation liability adjustment

(ii) Refer to Contingency note 8.3 for R&D update.

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.

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for the year ended 30 June 2020 continued

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 judgement and estimates

In most instances, the removal of assets will occur many 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 2020	30 June 2019
Orica Facility ⁽ⁱ⁾	-	2,458
Total non-current borrowings	-	2,458

(i) On 11 September 2019 Orica Australia Pty Ltd converted \$2.5m debt into Strike Ordinary Shares.

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.

5.2 Net finance costs

For the year ended \$'000	30 June 2020	30 June 2019
Interest income on cash and cash equivalents	180	82
Financial income	180	82
Interest expense on financial liabilities	(75)	(470)
Lease liability expense	(12)	-
Financing transaction costs and fees	(3)	(22)
Financial expenses	(90)	(492)

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

For the year ended	Number of shares ('000)		Issued capital (\$'000)	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Balance at beginning of year	1,544,087	1,094,640	179,419	140,897
Placements during the period, net of transaction costs	150,049	331,568	30,059	27,088
Orica debt conversion	12,112		2,500	
Acquisition transaction, net of transaction costs	-	117,879	-	11,434
Balance at end of year	1,706,248	1,544,087	211,978	179,419

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.

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for the year ended 30 June 2020 continued

Options and performance rights reserve

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

Options Issued	Date granted	Date exercisable	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options	16 Aug 2019	16 Aug 2019	17 May 2021	\$0.15	5,000,000	\$0.059
Options	14 Nov 2019	14 Nov 2019	25 Sep 2022	\$0.35	6,000,000	\$0.089
					11,000,000	

Performance rights Issued	Date granted	Date exercisable	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
FY20 LTIP ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	16 Aug 2019	30 Jun 2022	30 Sep 2022	Nil	7,991,379	\$0.124
FY20 LTIP ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	24 Oct 2019	30 Jun 2022	30 Sep 2022	Nil	1,551,724	\$0.281
FY20 STIP ⁽ⁱⁱ⁾	16 Dec 2019	1 Jul 2021	30 Sep 2021	Nil	5,245,086	\$0.217
					14,788,189	

(i) FY20 LTIP performance rights which will be tested on 30 June 2022

(ii) FY20 STIP performance rights granted but not yet issued.

(iii) FY20 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 50% p.a.	0
			50% to < 60% p.a.	25%
			60% to < 70% p.a.	50%
			70% to < 75% p.a.	75%
			Above 75% 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
Performance Rights	Nil	200,000	\$0.047
Performance Rights	Nil	200,000	\$0.034
Performance Rights	Nil	66,667	\$0.030
Performance Rights	Nil	66,666	\$0.015
Performance Rights	Nil	150,000	\$0.056
Performance Rights	Nil	150,000	\$0.036
		833,333	

Instrument expired/forfeited	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options	\$0.12	2,000,000	\$0.012
Options	Nil	12,156,175	\$0.002
Options	\$0.103	4,942,604	\$0.056
		19,098,779	

Instruments outstanding

The balance of share options and performance rights on issue as at 30 June 2020 is as follows:

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options ⁽ⁱ⁾	21 Aug 2017	21 Aug 2020	\$0.15	13,000,000	\$0.016
Options ⁽ⁱ⁾	16 Nov 2017	16 Nov 2020	\$0.15	6,000,000	\$0.011
Options ⁽ⁱ⁾	17 May 2018	17 May 2021	\$0.15	5,000,000	\$0.017
Options ⁽ⁱ⁾	27 Dec 2018	31 Dec 2020	\$0.155	1,091,250	\$0.007
Options ⁽ⁱ⁾	16 Aug 2019	17 May 2021	\$0.15	5,000,000	\$0.059
Options ⁽ⁱ⁾	14 Nov 2019	25 Sep 2022	\$0.35	6,000,000	\$0.089
				36,091,250	

(i) Vest from grant date.

(ii) Share options outstanding at 30 June 2020 had a weighted average remaining contractual life of 272 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	14 Dec 2018	30 Sep 2021	Nil	3,517,605	\$0.054
Performance Rights	09 May 2019	30 Sep 2020	Nil	9,164,057	\$0.058
Performance Rights	16 Aug 2019	30 Sep 2022	Nil	7,991,379	\$0.124
Performance Rights	24 Oct 2019	30 Sep 2022	Nil	1,551,724	\$0.281
Performance Rights	16 Dec 2019	30 Sep 2021	Nil	5,245,086	\$0.217
				29,969,851	

(i) Performance rights outstanding at 30 June 2020 had a weighted average remaining contractual life 423 of days.

Notes to the financial statements

for the year ended 30 June 2020 continued

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.

The following table lists the inputs used to value instruments issued during the year ended 30 June 2020:

Instrument	16 Aug 2019	14 Nov 2019	16 Aug 2019	24 Oct 2019	16 Dec 2019
	Options	Options	Performance Rights	Performance Rights	Performance Rights
Number	5,000,000	6,000,000	7,991,379	1,551,724	5,245,086
Expiry date	17 May 2021	25 Sep 2022	30 Sep 2022	30 Sep 2022	30 Sep 2021
Dividend yield	Nil%	Nil%	Nil%	Nil%	Nil%
Expected volatility	82.5%	92.9%	71.51%	82.34%	N/A
Risk-free interest rate	0.74%	0.74%	0.66%	0.73%	N/A
Expected life of instruments (years)	2	3	3	3	1
Share price at grant date	\$0.145	\$0.20	\$0.145	\$0.29	\$0.185

(i) Given the appreciation of the share price since the beginning of July 2019, higher vesting conditions have been set for the absolute TSR for FY20 Tranche of the LTIP. Where a vesting condition changes during the year that is not beneficial to the employee, this is accounted for as if the modification has not occurred in line with AASB 2. FY20 LTIP are valued at the original vesting conditions on grant date 16 August 2019.

Instruments exercised during the financial year

The following tables outlines details of the instruments exercised during the financial year (2019:Nil):

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Performance Rights	30 Oct 2014	30 Oct 2019	\$0.20	200,000	\$0.071
Performance Rights	23 May 2016	30 Oct 2019	\$0.20	66,667	\$0.07
Performance Rights	07 Aug 2015	30 Oct 2019	\$0.20	150,000	\$0.094
Performance Rights	08 Dec 2017	30 Sep 2019	N/A	6,227,377	\$0.145
				6,644,044	

(i) Performance rights exercised during the period had an average weighted share price of \$0.08

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options	07 June 2017	07 Jun 2020	\$0.15	1,000,000	\$0.003
Options	16 Nov 2017	16 Nov 2020	\$0.15	1,000,000	\$0.011
				2,000,000	

(i) Options exercised during the period had an average weighted share price of \$0.23

Change in instruments on issue

For the year ended	Performance Rights		Options	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Balance at beginning of year	22,659,039	15,619,953	46,190,029	28,000,000
Grants during the year	14,788,189	12,681,662	11,000,000	18,190,029
Cancelled/forfeited during the year	-	(142,576)	(17,098,779)	-
Expired during the year	(833,333)	(5,500,000)	(2,000,000)	-
Exercised during the year	(6,644,044)	-	(2,000,000)	-
Balance at end of year	29,969,851	22,659,039	36,091,250	46,190,029
Instruments exercisable at end of year	-	-	36,091,250	34,033,854

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.

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for the year ended 30 June 2020 continued

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 no long-term borrowings at 30 June 2020.

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 2020					
Fixed rate instruments					
Other financial assets	363	363	-	-	-
Lease Liability	371	93	76	76	126
Total fixed rate instruments	734	456	76	76	126
Floating rate instruments					
Cash and cash equivalents	21,565	21,565	-	-	-
Total floating rate instruments	21,565	21,565	-	-	-
30 June 2019					
Fixed rate instruments					
Other financial assets	224	224	-	-	-
Borrowings – Orica facility	(2,500)	-	-	-	(2,500)
Total fixed rate instruments	(2,276)	224	-	-	(2,500)
Floating rate instruments					
Cash and cash equivalents	11,351	11,351	-	-	-
Total floating rate instruments	11,351	11,351	-	-	-

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 2020	30 June 2019
200 basis point parallel increase in interest rates	431	227
200 basis point parallel decrease in interest rates	(431)	(227)

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 2020						
Financial liabilities						
Trade and other payables	-	1,970	1,795	175	-	-
Lease Liability	5%	371	15	47	132	177
Total financial liabilities		2,341	1,810	222	132	177
30 June 2019						
Financial liabilities						
Trade and other payables	-	4,888	3,271	1,617	-	-
Borrowings	5.80%	2,500	-	-	-	2,500
Total financial liabilities		7,388	3,271	1,617	-	2,500

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for the year ended 30 June 2020 continued

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 Board is considering the adoption of the Taskforce on Climate-related Financial Disclosures' (TCFD) Recommendations as a framework for guiding our climate-related risk management and disclosures in future reporting periods.

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

For the year ended \$'000	30 June 2020	30 June 2019
Unearned revenue – gas prepayment agreements	17,277	17,277
Total other liabilities	17,277	17,277

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

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 2020	30 June 2019
Strike Energy Limited (Parent Company)⁽ⁱ⁾⁽ⁱⁱ⁾			
Controlled entities:			
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
Ocean Hill Pty Ltd	Australia	100	100

(i) These entities are not required to prepare or lodge audited accounts in Australia

(ii) Reflects indirect ownership interest

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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.

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 2020	30 June 2019
Current assets		
Cash and cash equivalents	2,630	661
Trade and other receivables	542	979
Other financial assets	151	164
	3,323	1,804
Non-current assets		
Other assets	151	-
Exploration and evaluation assets	15,405	93,554
	15,556	93,554
Share of total assets of joint arrangements	18,879	95,358
Current liabilities		
Trade and other payables	(1,569)	(2,465)
Restoration provision	(186)	(462)
	(1,755)	(2,927)
Non-current liabilities		
Restoration provision	(2,805)	(2,166)
	(2,805)	(2,166)
Share of total liabilities of joint arrangements	(4,560)	(5,093)
Share of net assets of joint arrangements	14,319	90,266
Profit or loss from continuing operations		
Impairment of exploration and evaluation assets	(89,148)	-
Share of profit or loss of joint arrangements	(89,148)	-

JV Commitments for expenditure

The obligations to perform minimum exploration work and amounts pursuant to the terms of granting of petroleum exploration permits in order to maintain rights to tenure for joint arrangements are:

For the year ended/As at \$'000	30 June 2020	30 June 2019
Permit commitments		
Less than one year	-	3,785
Between one and five years	13,402	2,607
Greater than five years	-	-
Total	13,402	6,392

Notes to the financial statements
for the year ended 30 June 2020 continued

6.3 Parent entity disclosures

For the year ended/As at \$'000	30 June 2020	30 June 2019
Assets		
Current assets	22,200	12,389
Non-current assets	30,954	77,314
Total assets	53,154	89,703
Liabilities		
Current liabilities	(1,409)	(4,961)
Non-current liabilities	(338)	(2,706)
Total liabilities	(1,747)	(7,667)
Net assets	51,407	82,036
Equity		
Issue capital	211,978	179,419
Share-based payments reserve	4,379	2,319
Accumulated losses	(164,950)	(99,702)
Total equity	51,407	82,036
Profit/(loss) for the year	(65,248)	(2,406)

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:

Permit	Operator	Percentage interest held (%)	
		30 June 2020	30 June 2019
Cooper-Eromanga Basin - Australia			
PEL 94 ⁽ⁱ⁾	Beach Energy Limited	35	35
PEL 95 ⁽ⁱⁱ⁾	Beach Energy Limited	50	50
PPL 210 ⁽ⁱ⁾	Beach Energy Limited	50	50
PEL 96 ⁽ⁱⁱ⁾	Strike Energy Limited	66.667	66.667
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	Strike West Pty Ltd	100	100
EP447 (Waylering)	Strike West Pty Ltd	100	100
EP488	Strike West Pty Ltd	100	100
EP489	Strike West Pty Ltd	100	100
EP485	Strike West Pty Ltd	100	100
EPA-82	Strike West Pty Ltd	100	100
EPA-98	Strike West Pty Ltd	100	100
EPA-99	Strike West Pty Ltd	100	100

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

(ii) Indicates petroleum permits subject to joint venture arrangements which undertake exploration and evaluation activities.

Notes to the financial statements

for the year ended 30 June 2020 continued

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:

- \$427 (2019: \$7,714) was paid to Mulloway Pty Ltd (a director related entity via Mr J Poynton) for reimbursement of travel and other expenses;
- \$101,949 (2019: \$8,113) was paid to Jindalee Partners (a director related entity of Mr J Poynton) for capital advisory services;
- \$6,095 (2019: \$29,500) was paid to Bizzell Capital (a director related entity of Mr S Bizzell) by Petra Capital for share placement services;
- \$14,000 (2019: \$11,000) was paid to 66 KPR (a director related entity of Mr N Power) for rental expense.

Transactions with other related parties

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

The Company advanced \$12,344,183 (2019: \$17,479,991) for the working capital requirements of its Australian subsidiaries. No interest is charged on loans or advances by the Company to its Australian subsidiaries.

The Company provided management services to its subsidiaries and joint operations totalling \$4,817,304 (2019: \$5,025,244).

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

- Loan receivables totalling \$93,393,360 before impairment (2019: \$81,049,178) from subsidiaries: and
- Trade receivables totalling \$3,058,414 (2019: \$1,538,800) from joint arrangements
- Trade payables totalling \$5,000,000 (2019: 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.

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

Parent entity

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

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 2020	30 June 2019
Short-term employee benefits	1,747,586	884,667
Post-employment benefits	157,706	67,945
Share-based payments	1,833,284	252,984
Total	3,738,576	1,205,597

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 2020	30 June 2019
Provision for annual leave	387	230
Provision for long service leave	161	71
Total employee benefits	548	301
Current	387	230
Non-current	161	71

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.

Notes to the financial statements

for the year ended 30 June 2020 continued

(c) Other long-term employee benefits

The liability for long service leave for which settlement can be deferred beyond 12 months from the balance date is measured as the present value of expected future payments to be made in respect of services provided by employees. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(d) Termination benefits

Termination benefits are recognised as an expense when the Group is 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 for between one to three year period, with a number of vesting conditions attached. Entitlements under these awards vest as soon as the associated vesting conditions have been met. Awards cannot be settled in cash. Awards under the plan carry no dividend or voting rights.

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 2020	30 June 2019
Permit commitments		
Less than one year	6,732	11,573
Between one and five years	54,002	50,773
Greater than five years	8,000	-
Total	68,734	62,346

8.2 Leases

The Company leases office buildings in Adelaide and Perth. These leases expire on 30 April 2021 and 31 December 2023, respectively.

Right-of-use Assets

\$'000	Buildings	Total
Cost		
At 1 July 2019	213	213
Additions	182	182
At 30 June 2020	395	395
Accumulated Depreciation		
At 1 July 2019	-	-
Charge for the year	(139)	(139)
At 30 June 2020	(139)	(139)
Carrying Amount		
At 1 July 2019	213	213
At 30 June 2020	256	256

Amounts recognised in profit and loss

For the year ended/As at \$'000	30 June 2020	30 June 2019
Depreciation on right of use assets	(139)	-
Interest expense on lease liabilities	(14)	-
Expense relating to variable lease payments not included in the measurement of lease liability	(64)	-

The total cash outflow for leases in the year ended 30 June 2020, including short-term leases and low-value leases, amounted to \$0.2 million.

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 2020
Within one year	183
Between one and five years	207
More than five years	-
Total	390

Notes to the financial statements

for the year ended 30 June 2020 continued

8.3 Contingencies

Litigation and legal proceedings

As at 30 June 2020, Strike's appeal in relation to its FY16 R&D registration and FY18 R&D pre-registration under the Industry Research and Development Act 1986 (Cth) with Innovation and Science Australia (ISA) remained ongoing. As previously disclosed in the 2019 financial statements, the Company received \$6,333,638 for the FY16 R&D tax incentive in 2017 (which it recognised in the statement of profit or loss in FY17 upon receipt of the refund), however, no incentive had been received in relation to the FY18 R&D claim (and nothing recognised in the statement of profit or loss). While Strike was confident in the strength of its claims, the AAT process was expected to be protracted. Given the uncertainty at 30 June 2020, no change was made to the amounts previously recognised or any amounts related to FY19 and FY20.

Subsequent to the balance date, Strike submitted further responses to requests received from ISA and in August ISA and Strike settled the FY16 and FY18 matters.

The Company expects to lodge an adjustment to its FY16 tax return and proceed with its FY18, FY19 and FY20 R&D registration to claim eligible activities with the ATO. No change is expected to the FY17 R&D claim already received. The Group is in the process of compiling the FY19 and FY20 claims and this is expected to be finalised in FY21. Strike expect to receive R&D tax incentive refunds for the respective years of at least \$7 million which is expected to be recognised in the FY21 statement of profit or loss.

8.4 Subsequent events

Other than the R&D settlements as disclosed in note 8.3 Strike has entered into a farm-in agreement with ASX listed Talon Petroleum Limited for the acquisition by Talon of a 45% non-operated interest in Walyering (EP477) and formation of an unincorporated joint venture for the appraisal and, if warranted, development of Walyering.

The Company announced that CSPB, a subsidiary of Wesfarmers Chemicals, Energy and Fertilisers, had converted its gas supply option to a firm 100PJ gas offtake agreement at 25TJ/d subject to a final investment decision on the West Erregulla project.

With the exception of the above, there have been no other events subsequent to 30 June 2020 that would require accrual or disclosure in the consolidated financial statements.

8.5 Remuneration of auditors

For the year ended/As at \$'000	30 June 2020	30 June 2019
Amounts received/receivable by Deloitte Touche Tohmatsu (Aus) for:		
Audit or review of the financial report of the Group	83,100	89,000
Non-audit services	-	125,600
Total	83,100	214,600

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 2019. The only accounting standard that has had a material impact on the financial statements of the Group is AASB 16 'Leases', and details of the impact are set out below.

Transition to AASB 16

The Company has chosen the modified retrospective application of AASB 16 in accordance with AASB 16:C5(b). Consequently, the Group has not restated the comparative information.

The Company has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease will continue to be applied to those contracts entered or modified before 1 July 2019. The Group has also applied the practical expedient to recognise the right of use asset equal to lease liability on transition at 1 July 2019.

The Company applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered into or changed on or after 1 July 2019.

Impact on lease accounting

AASB 16 changed how the Company accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet. Applying AASB 16, for all leases, the Company:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

The right of use asset and lease liability recognised on 1 July 2019 is \$213,481.

Former finance leases

AASB 16 does not change substantially how a lessor accounts for leases. The Company does not currently act as the lessor for any assets, therefore the impacts of AASB 16 in relation to finance leases do not have an effect on the financial statements.

Financial Impact

The weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position on 1 July 2019 is 5%.

The following table shows the operating lease commitments disclosed applying AASB 117 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the consolidated statement of financial position at the date of initial application.

Operating lease commitments at 30 June 2019	267,262
Effect of discounting the above amounts	(53,781)
Lease liabilities recognised at 1 July 2019	213,481

As at 30 June 2020, the Company has right of use assets with a net book value of \$255,635 and corresponding lease liabilities of \$370,962.

The impact on profit or loss for the year ended 30 June 2020 was to decrease rent expenses by \$161,556, therefore increasing EBITDA by that amount. There was also an increase in depreciation by \$139,101 and an increase in interest expense by \$14,357. No material impact on earnings per share.

Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities. The year to date impact of the changes under AASB 16 resulted in a decreased in cash used in operating activities by \$147,168 and an increase in cashflows used in financing activities by \$147,168.

The adoption of IFRS 16 did not have an impact on net cash flows.

(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.



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strike Energy Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, 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:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) 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
<p>Exploration and evaluation assets</p> <p><i>Refer to Note 4.1.</i></p> <p>Exploration and evaluations assets of \$37,671,000 relate to costs incurred where there is expected future activity but no approved development plan. As at 30 June 2020, the exploration and evaluation assets relate solely to the Perth Basin, with the Southern Cooper Basin Gas Project assets of \$91,294,000 fully impaired during the 2020 financial year.</p> <p>Assessment of the carrying value of exploration and evaluation assets requires significant judgement, including the Group's intention and ability to proceed with a future work programme to realise value from the prospective resource, the likelihood of licence renewal or extension, and the success of exploration and appraisal activities including drilling and geological and geophysical analysis.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the status and future appraisal plans on each licence with operational staff and management; • evaluating budgets, field exploration plans, contracts for future drilling and exploration activities to verify that management's intention to continue exploration efforts for the Perth Basin projects is supported by available funding; and • evaluating management's assessment of whether there were any indicators of impairment as required by the relevant accounting standards and assessing the trigger for and quantum of the impairment of the Southern Cooper Basin exploration and evaluation assets during the year. <p>We also assessed the appropriateness of the disclosures in Note 4.1 to the financial statements.</p>
<p>Research and development matter</p> <p><i>Refer to Note 8.3</i></p> <p>As at 30 June 2020 the Group was appealing Innovation and Science Australia's (ISA) negative finding with respect to the Group's FY16 R&D claim of \$6,334,000 and the ISA's decision to deny the pre-registration of the FY18 R&D claim of \$6,680,730, via the Administrative Appeals Tribunal (AAT).</p> <p>Subsequent to the end of the reporting period, the Group settled the matters with the ISA.</p> <p>Management has exercised significant judgement in respect to the classification and disclosure of the claim as a contingent liability and a non-adjusting subsequent event as at 30 June 2020.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the matter, which included engaging with and reviewing the correspondence of the Group's external legal advisors along with reviewing correspondence with the ISA; • holding discussions with Management regarding the status of the matter; • assessing the status of the claim as at 30 June 2020 against the requirements of IFRIC 23 'Uncertainty over income tax treatments' and AASB 37 'Provisions, contingent liabilities and contingent assets'; and • assessing whether the post balance sheet event is an adjusting or non adjusting event under the relevant accounting standards. <p>We also assessed the appropriateness of the disclosures in Note 8.3 to the financial statements.</p>

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 2020, but does not include the financial report and our auditor's report thereon.

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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

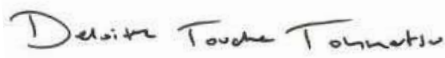
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 26 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Strike Energy Limited, for the year ended 30 June 2020, 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



Darren Hall
Partner
Chartered Accountants
Adelaide, 18 September 2020

Additional Securities Exchange Information

As at 31 August 2020

1. Number of holders of equity securities

1,720,412,434 fully paid ordinary shares are held by 7,838 individual shareholders.

49,651,958 unlisted options and performance rights are held by 14 individuals.

2. Voting rights

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

Holdings Ranges	Number of shares
1-1,000	46,258
1,001-5,000	4,434,764
5,001-10,000	8,795,319
10,001-100,000	144,357,121
> 100,001	1,562,778,972
Holder of less than a marketable parcel	13,027

4. Substantial shareholders

There were no substantial shareholders as at 31 August 2020.

5. The 20 largest holders of quoted equity securities

Investor Id	Number of shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	89,992,270	5.231%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	76,493,106	4.446%
MHC FUND SERVICES A PTY LTD	72,945,893	4.240%
CITICORP NOMINEES PTY LIMITED	48,202,444	2.802%
BRAZIL FARMING PTY LTD	38,586,700	2.243%
MR TIMOTHY RUPERT BARR GOYDER	37,008,909	2.151%
CALM HOLDINGS PTY LTD	24,687,912	1.435%
GREMAR HOLDINGS PTY LTD	19,341,189	1.124%
MR GARRY NOEL BUNGEY & MRS VIVIENNE ALICE NOLA BUNGEY	16,000,000	0.930%
BNP PARIBAS NOMS (NZ) LTD	15,669,416	0.911%
NATIONAL NOMINEES LIMITED	14,694,877	0.854%
HAZARDOUS INVESTMENTS PTY LTD	14,600,000	0.849%
MR STEWART ROBERT HOSKEN	12,750,000	0.741%
ROOKHARP CAPITAL PTY LIMITED	11,500,000	0.668%
QUITO SF PTY LTD	11,200,000	0.651%
QUATRI PTY LTD	10,800,000	0.628%
RAEJAN PTY LTD	10,250,000	0.596%
GINOSTRA CAPITAL PTY LIMITED	10,037,422	0.583%
GREEN LITE ELECTRICAL SERVICES PTY LTD	10,000,000	0.581%
COOGEE RESOURCES PTY LTD	10,000,000	0.581%

Corporate Directory

DIRECTORS

Chairman

John Poynton

Managing Director

Stuart Nicholls

Non-Executive Director

Jody Rowe

Non-Executive Director

Stephen Bizzell

Non-Executive Director

Andrew Seaton

Non-Executive Director

Neville Power

Company Secretary

Justin Ferravant

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An aerial night photograph of an industrial or construction site. The scene is illuminated by artificial lights, including a prominent tall light tower on the right. In the foreground, there are various pieces of equipment, including a white truck, a yellow forklift, and a large yellow structure. The background shows a dark, flat landscape under a deep blue night sky. A solid blue rectangular overlay is positioned in the lower-left corner, containing white text.

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