

Strike Energy Limited

ACN 078 012 745

Financial Report for the Half-Year Ended 31 December 2012



Contents

Directors' report	1
Auditor's independence declaration	5
Independent auditor's review report	6
Directors' declaration	8
Condensed consolidated statement of profit or loss and other comprehensive income	9
Condensed consolidated statement of financial position	10
Condensed consolidated statement of changes in equity	11
Condensed consolidated statement of cash flows	12
Notes to the condensed consolidated financial statements	13
Corporate directory	18

Directors' report

The Directors of Strike Energy Limited ("Strike" or "Company") are pleased to submit the financial report of the Company and its subsidiaries ("Group") for the half-year ended 31 December 2012.

BOARD OF DIRECTORS

The Directors of the Company during and since the end of the half-year are:

- Mr T M Clifton Chairman
- Mr D C Wrench Managing Director
- Mr B A Thomas Executive Director
- Mr S M Ashton Non-executive Director
- Mr T R B Goyder Non-executive Director
- Mr E M Uliel Non-executive Director

REVIEW OF OPERATIONS

During the half year Strike advanced its evaluation of the Eagle Ford Shale, Texas and the Southern Cooper Basin, South Australia. Production testing from the Bigham 1H well commenced in the Eagle Ford Shale and detailed planning continued for the next stage of evaluation of the Company's world class prospective gas resource in the Cooper Basin.

EXPLORATION AND DEVELOPMENT

Eagle Ford Shale, Texas

Strike has a 27.5% working interest in the Eagle Landing Joint Venture that is focused on the Eagle Ford Shale gas-condensate fairway within northern Lavaca and southern Fayette counties, Texas. During the half-year, the Joint Venture increased its landholding to 38,600 acres leased or committed – over 10,600 acres net to Strike.

During the half year, the Joint Venture successfully drilled its first production test well – Bigham 1H. The well was drilled to a total measured depth of 17,700 feet (~5,400 metres), including a 5,150 foot (~1,570 metres) horizontal section drilled and cased in the Upper Eagle Ford Formation. A 20 stage fracture stimulation program was successfully completed. Hydrocarbon production from the well commenced in late October with first oil and gas sales in November and December respectively.

Production from the Bigham well has been stable around 180 bbls of oil and 400 Mcf of gas per day. Work is underway using the results from Bigham and other offset wells to establish the optimal drilling horizon and completion approach to be pursued in the next phase of evaluation of the Lower Eagle Ford formation.

Cooper Basin, South Australia

Strike is one of the largest permit holders in the Southern Cooper and Eromanga Basins with over 16,000 km² net to Strike (over four million acres) across six permits and permit applications.

During the half-year, Strike's focus was on integrating the data obtained from the Marsden 1 and Davenport 1 wells including logs, results from laboratory testing of cores and samples recovered from these wells into the Company's resource model. Based upon the results of this work the Prospective Resource within PEL's 94 (35% Strike), 95 (50% Strike) and 96 (67% Strike) was calculated for coals within the Battunga, Milpera, Larow and Weena Troughs and for shales in these troughs below 1,500m in depth. The Prospective Resource estimate was made in accordance with the Society of Petroleum Engineers "Petroleum Resource Management System" with allowances made for both recovery and non-hydrocarbon gases. The Prospective Resource is presented below:

Directors' report (continued)

	Low Estimate (P90)	Best Estimate (Pmean)	High Estimate (P10)
Prospective resource¹ total			
- Gas (Bcf)	16,785	28,990	43,714
- Liquids (Mmdbl)	30	113	229
Prospective resource¹ Strikes share			
- Gas (Bcf)	8,248	14,253	21,479
- Liquids (Mmdbl)	14	54	109

In PEL 96, geological studies together with well planning activities, for the future appraisal program, were undertaken. In addition, the PEL 94 joint venture has continued its discussions regarding a future fracture stimulation programme at the Davenport 1 well.

The reported prospective resource in this presentation are based on information compiled by Mr. Christopher Thompson. Mr. Thompson is the General Manager of Strike's Cooper Basin project and has consented to the inclusion of the prospective resource information in this report.

Mr. Thompson holds a B.Sc in Applied Science (Geology) and a Graduate Diploma in Reservoir Evaluation and Management. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry for 20 years, 18 of which as a practicing petroleum engineer.

Permian Basin, Texas

Strike holds a 25% working interest in the MB Clearfork Project which produces oil from 16 conventional Permian Basin wells in Martin County, Texas. During the half year, the MB Clearfork Project produced 4,154 bbls of oil net to Strike.

During the half year Strike drilled one low-cost conventional infill well, the MB Clearfork Unit #16. The well encountered low porosity conditions and is producing at approximately 10 Bbl/d. Sidewall cores recovered from the Lower Clearfork Formation during drilling of the MB Clearfork Unit #16 well are undergoing laboratory testing.

Carnarvon Basin, Western Australia

During October 2012 Shell/Mitsubishi spudded the Palta well located approximately 70km west of North West Cape, Western Australia. The well is being drilled in WA-384-P, and is designed to test a 13.5 Tcf prospect which extends into to Strike's WA-460-P permit where Strike holds a 33.3% interest.

This opportunity provides shareholders with a unique option to directly participate in a very large exploration project for a nominal cost. The 800 Bcf (net to Strike) resource potential of this prospect will have a material impact on the company's valuation in the event of a discovery at Palta.

Eaglewood Joint Venture (Wilcox formation), Texas

Strike is a participant in the Eaglewood Joint Venture (Strike 40%) which produces from the Louise gas-condensate field in Wharton County, Texas.

Directors' report (continued)

PRODUCTION

Production from the Louise gas/condensate field (Strike 40%) continued at a rate of approximately 3,240 Mcf/day of gas and 70 Bbl/day of condensate (1,296 Mcf/day and 28 Bbl/day net to Strike). The Company also received oil production from the Permian Basin MB Clearfork Project at a rate of approximately 89 Bbl/day of condensate (22 Bbl/day net to Strike) and in the second quarter production from Bigham 1H at a rate of approximately 177 Bbl/day (70 Bbl/day net to Strike).

Gas and oil production for the half-year 2012 and half-year 2011 is summarised in the following table:

Half Yearly Production	Area	1H 2012 (Mcf)	1H 2011 (Mcf)	% change
Gas	Eaglewood JV – Louise field	238,420	307,480	(22%)
	Permian Basin – MB Clearfork Project	535	782	(31%)
	Eagleford Shale – Bigham 1H	6,870	-	100%
	Total Gas (Mcf)	245,825	308,262	(20%)

Half Yearly Production	Area	1H 2012 (Bbl)	1H 2011 (Bbl)	% change
Oil	Eaglewood JV – Louise field	5,268	7,451	(29%)
	Permian Basin – MB Clearfork Project	4,154	1,452	186%
	Eagleford Shale – Bigham 1H	3,096	-	100%
	Total Condensate (Bbl's)	12,518	8,903	40%

REVENUES

Strike's revenues for the half-year 2012 and half-year 2011 are summarised in the following table:

Half Yearly Revenue	Area	1H 2012 (A\$'000)	1H 2011 (A\$'000)	% change
Gas	Eaglewood JV – Louise field	912	1,545	(41%)
	Permian Basin – MB Clearfork Project	2	4	(50%)
	Eagleford Shale – Bigham 1H	7	-	100%
	Total Gas \$'000	\$921	\$1,549	(41%)
Oil	Eaglewood JV – Louise field	498	652	(21%)
	Permian Basin – MB Clearfork Project	341	131	160%
	Eagleford Shale – Bigham 1H	259	-	100%
	Total Oil \$'000	\$1,098	\$783	40%
Total USA Half Year Revenue \$'000		\$2,019	\$2,332	(13%)

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998. In accordance with that Class Order, amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Directors' report (continued)

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 5 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'D C Wrench', with a long horizontal stroke extending to the right.

D C Wrench

Managing Director

Sydney, New South Wales

13 March 2013

Auditor's independence declaration**Deloitte.**Deloitte Touche Tohmatsu
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www.deloitte.com.auChair of the Board Audit Committee
Strike Energy Limited
10 Ord Street
West Perth, WA, 6005

13 March 2013

Dear Board Members

Strike Energy Limited

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

As lead audit partner for the review of the financial statements of Strike Energy Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSURoss Jerrard
Partner
Chartered Accountants

Independent auditor's review report



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

We have reviewed the accompanying half-year financial report of Strike Energy Limited, which comprises the condensed statement of financial position as at 31 December 2012, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 17.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Strike Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independent auditor's review report (continued)**Deloitte.***Auditor's Independence Declaration*

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



R Jerrard
Partner
Chartered Accountants
Perth, 13 March 2013

Directors' declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



D C Wrench

Managing Director

Sydney, New South Wales

13 March 2013

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2012

	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Revenue from oil and gas sales		2,181	2,562
Cost of sales	4(a)	(859)	(810)
Gross profit		1,322	1,752
Other income	4(b)	1,157	953
Corporate expenses		(430)	(363)
Amortisation and depreciation	4(c)	(512)	(571)
Employment benefits expense		(1,786)	(2,233)
Exploration and evaluation impairment	4(d)	(1,806)	(8,001)
Other expenses		(1,117)	(913)
Loss before income tax		(3,172)	(9,376)
Income tax benefit		-	-
Loss for the period		(3,172)	(9,376)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit of loss			
Exchange differences arising on translation of foreign operations		(145)	1,153
Other comprehensive income for the period, net of income tax		(145)	1,153
Total comprehensive income for the period		(3,317)	(8,223)
Total comprehensive income/(loss) attributable to owners of the parent		(3,317)	(8,223)
Loss per share			
- Basic (cents per share)		(0.52)	(2.24)
- Diluted (cents per share)		(0.52)	(2.24)

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated statement of financial position as at 31 December 2012

	<i>Note</i>	31 Dec 2012 \$'000	30 June 2012 \$'000
Current assets			
Cash and cash equivalents		5,050	16,502
Trade and other receivables		1,051	670
Assets classified as held for sale	9	2,696	-
Other financial assets		722	2,386
Total current assets		9,519	19,558
Non-current assets			
Other financial assets		293	293
Exploration and evaluation expenditure	5	47,614	40,072
Oil and gas production assets	6	2,196	4,906
Property, plant and equipment		408	327
Total non-current assets		50,511	45,598
Total assets		60,030	65,156
Current liabilities			
Trade and other payables		1,406	3,381
Provisions		110	125
Borrowings		2	2
Total current liabilities		1,518	3,508
Non-current liabilities			
Trade and other payables		301	444
Provisions		287	238
Borrowings		3	4
Total non-current liabilities		591	686
Total liabilities		2,109	4,194
Net assets		57,921	60,962
Equity			
Issued capital		98,480	98,480
Reserves		(2,145)	(2,276)
Accumulated losses		(38,414)	(35,242)
Total equity		57,921	60,962

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated statement of changes in equity as at 31 December 2012

	Issued Capital \$'000	Share-based payments reserve \$'000	Foreign exchange translation reserve \$'000	Total Reserves \$'000	Accumulated losses \$'000	Total Equity \$'000
Balance at 1 Jul 2011	58,894	2,446	(6,713)	(4,267)	(20,815)	33,812
Exchange differences arising on translation of foreign operations	-	-	1,153	1,153	-	1,153
Net income recognised directly in equity	-	-	1,153	1,153	-	1,153
Loss for the period	-	-	-	-	(9,376)	(9,376)
Total comprehensive income for the period	-	-	1,153	1,153	(9,376)	(8,223)
Recognition of share-based payments	-	982	-	982	-	982
Issue of ordinary shares	19,339	-	-	-	-	19,339
Share issue costs	(1,591)	-	-	-	-	(1,591)
Balance at 31 Dec 2011	76,642	3,428	(5,560)	(2,132)	(30,191)	44,319
Balance at 1 Jul 2012	98,480	3,626	(5,902)	(2,276)	(35,242)	60,962
Exchange differences arising on translation of foreign operations	-	-	(145)	(145)	-	(145)
Net income recognised directly in equity	-	-	(145)	(145)	-	(145)
Loss for the period	-	-	-	-	(3,172)	(3,172)
Total comprehensive income for the period	-	-	(145)	(145)	(3,172)	(3,317)
Recognition of share-based payments	-	276	-	276	-	276
Balance at 31 Dec 2012	98,480	3,902	(6,047)	(2,145)	(38,414)	57,921

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2012

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Cash flows from operating activities		
Receipts from customers	1,803	2,509
Receipts from joint venture recoveries	(23)	126
Interest received	190	114
Payments to suppliers and employees	(2,944)	(3,680)
Net cash (used in)/provided by operating activities	(974)	(931)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(9,723)	(16,380)
Payments for oil and gas production assets	(536)	
Payments for other financial assets	-	(25)
Proceeds from other financial assets	-	103
Payments for property, plant and equipment	(138)	(29)
Net cash used in investing activities	(10,397)	(16,331)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	-	19,339
Payment of share issue costs	-	(1,180)
Net cash provided by financing activities	-	18,159
Net (decrease)/increase in cash and cash equivalents	(11,371)	897
Cash and cash equivalents at the beginning of the period	16,502	2,667
Effects of exchange rate changes on the balance of cash held in foreign currencies	(81)	69
Cash and cash equivalents at the end of the period	5,050	3,633

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Notes to the condensed consolidated financial statements

1. Corporate information

The financial report of Strike Energy Limited (“Group”) for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of directors dated 13 March 2013.

Strike Energy Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange, with additional listings on the Frankfurt and Munich stock exchanges in Germany.

The nature of the operations and principal activities of the group are described in the Directors’ Report, on pages 1 to 4.

2. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Group is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998. In accordance with that Class Order, amounts in the Directors’ Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, and 134 as a consequence of AASB 2011-9 ‘Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income’.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group’s accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group’s presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3. Segment information

The Group has identified its operating segments based on the internal management reports that are reviewed by the board of directors (chief operating decision makers) in assessing performance and determining allocation of resources. The Group is managed by both business activity and geographical location. The reportable segments at 31 December 2012 are as follows:

- Australia – Exploration
- Australia – Production
- USA – Exploration
- USA – Production

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the review periods:

	Australia Exploration \$'000		Australia Production \$'000		USA Exploration \$'000		USA Production \$'000		Group \$'000	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Continued operations										
Segment revenue										
Revenue from oil and gas sales	-	-	158	116	-	-	2,023	2,446	2,181	2,562
Cost of sales	-	-	(18)	(29)	-	-	(841)	(781)	(859)	(810)
Gross profit	-	-	140	87	-	-	1,182	1,665	1,322	1,752
Amortisation	-	-	-	-	-	-	(458)	(522)	(458)	(522)
Exploration and evaluation expenditure	-	(5)	-	-	(1,806)	(7,996)	-	-	(1,806)	(8,001)
Segment result	-	(5)	140	87	(1,806)	(7,996)	724	1,143	(942)	(6,771)
Other income									1,157	953
Corporate expenses									(430)	(363)
Depreciation									(54)	(49)
Employment benefits expense									(1,786)	(2,233)
Other expenses									(1,117)	(913)
Loss before income tax									(3,172)	(9,376)
Income tax benefit									-	-
Consolidated segment (loss)/profit for the period									(3,172)	(9,376)

The revenue reported above represents revenue generated from external customers. There were no intersegment revenues during the period.

The segment result represents the profits earned by each segment without allocation of corporate expenses, depreciation, employment benefits expense, finance costs and other expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes to the condensed consolidated financial statements (continued)

3. Segment information (continued)

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Continued operations		
Segment assets		
Australia – Exploration	19,415	18,153
Australia – Production	289	130
USA – Exploration	28,768	23,905
USA – Production	2,936	5,437
USA – Production classified as held for sale at reporting date	2,696	-
	54,104	47,625
Unallocated	5,926	17,531
Total assets	60,030	65,156

4. Revenue and expenses

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
(a) Cost of sales		
Production costs	268	84
Royalties and taxes	591	726
	859	810
(b) Other Income		
Interest income from non-related parties	114	114
Cost recoveries	1,002	473
Royalty income	41	81
Other	-	285
	1,157	953
(c) Amortisation and depreciation		
Amortisation – oil and gas production assets	458	522
Depreciation – property, plant and equipment	54	49
	512	571
(d) Exploration and evaluation expenditure		
Exploration and evaluation expenditure impaired	1,806	8,001

Notes to the condensed consolidated financial statements (continued)

5. Exploration and evaluation expenditure

The following table details the consolidated expenditures on exploration and evaluation properties by area of interest for the half-year ended 31 December 2012.

Area of Interest	Texas, USA	Louisiana, USA	Carnarvon Basin, Australia	FuturGas Project, Australia	Cooper- Eromanga Basin, Australia	Other	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	21,314	321	2,433	4,348	10,041	1,615	40,072
Foreign exchange movements	(396)	(6)	-	-	-	(4)	(406)
Additions	8,504	198	130	10	843	69	9,754
Exploration and evaluation expenditure impaired – Note 4(d)	(1,730)	-	-	-	-	(76)	(1,806)
Net total exploration and evaluation expenditure movement	6,378	192	130	10	843	(11)	7,542
Balance at 31 December 2012	27,692	513	2,563	4,358	10,884	1,604	47,614

6. Oil and gas production assets

The following table details the consolidated expenditures on oil and gas production assets which sales relates to for the half-year ended 31 December 2012.

	Total \$'000
Balance at 1 July 2012	4,906
Foreign exchange movements	(92)
Additions	536
Oil and gas production amortisation	(458)
Transfer to held for sale – note 9	(2,696)
Net total oil and gas production expenditure movement	(2,710)
Balance at 31 December 2012	2,196

Notes to the condensed consolidated financial statements (continued)

7. Dividends

No dividends have been declared or paid during the period.

8. Contingencies and commitments

There have been no changes in contingent liabilities, contingent assets or commitments since the last annual reporting date, being 30 June 2012.

9. Assets classified as held-for-sale

During the half year, an agent was appointed to market the Louise production asset for sale which is included in the USA Production segment (note 3). As such, the assets that make up the Louise operations have been reclassified as held-for sale at balance date. No impairment loss was recognised on reclassification of the Louise production assets at 31 December 2012.

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Assets classified as held for sale		
Oil and gas properties	2,696	-

10. Subsequent event

The directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that have significantly or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years.

Corporate directory

Directors

T M Clifton (Chairman)
D C Wrench (Managing Director)
S M Ashton
T R B Goyder
B A Thomas
E M Uliel

Company Secretary

S L Michels

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