



Walyering Gas Field

Financial Report for the Half-Year Ended 31st December 2022

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Important Notices

Reserve and Resource Information

Unless otherwise stated, references in this report to:

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

The above announcements are available to view on Strike Energy's website at www.strikeenergy.com.au. Strike confirms it is not aware of any new information or data that materially affects the information included in the referenced announcements and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply.

Forward looking statements

Statements contained in this Interim Financial Report, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Strike Energy Limited, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'budget', 'outlook', 'schedule', 'estimate', 'target', 'guidance', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward looking statements including all statements in this document regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Strike Energy Limited. Actual results, performance, actions and developments of Strike Energy Limited may differ materially from those expressed or implied by the forward-looking statements in this Interim Financial Report. Such forward-looking statements speak only as of the date of this document. Refer to the risk factors set out in Strike West Pty Ltd's (wholly owned subsidiary of Strike) bidder's statement dated 23 December 2022 in relation to its off-market takeover offer to acquire all of the shares in Warrego Energy Limited that Strike does not already own for a summary of certain general, Strike Energy Limited specific and acquisition specific risk factors that may affect Strike Energy. There can be no assurance that actual outcomes will not differ materially from these statements. Investors should consider the forward looking statements contained in this Interim Financial Report in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Strike Energy Limited and any of its affiliates and their directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this document to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this Interim Financial Report will under any circumstances create an implication that there has been no change in the affairs of Strike Energy Limited since the date of this document.

Project Haber and Precinct Development

The successful development of Project Haber is contingent on, among other things, the proving up of sufficient gas reserves at South Erregulla, the outcomes of FEED on Project Haber, access to finance and (where required) equity participation, securing urea offtake agreements, and obtaining all requisite regulatory and stakeholder permits, approvals and authorisations. The concept, feasibility and pre-FEED studies prepared by TechnipFMC on Project Haber to date have been undertaken to determine the potential viability of Project Haber and to reach a decision to proceed with more definitive studies, and as such are indicative in nature only. The studies are based on low-level technical and economic assessments and are insufficient to provide full assurance of an economic development case at this stage or provide certainty that the conclusions of the studies will be realised and that the development of Project Haber will be commercially viable. The results of the study should not be considered a profit forecast or production forecast.

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

Directors' Report

The Board of Directors (the "Board" or the "Directors") of Strike Energy Limited (the "Company") and its subsidiaries (together referred to as the "Group") submit their report for the half-year period ended 31 December 2022.

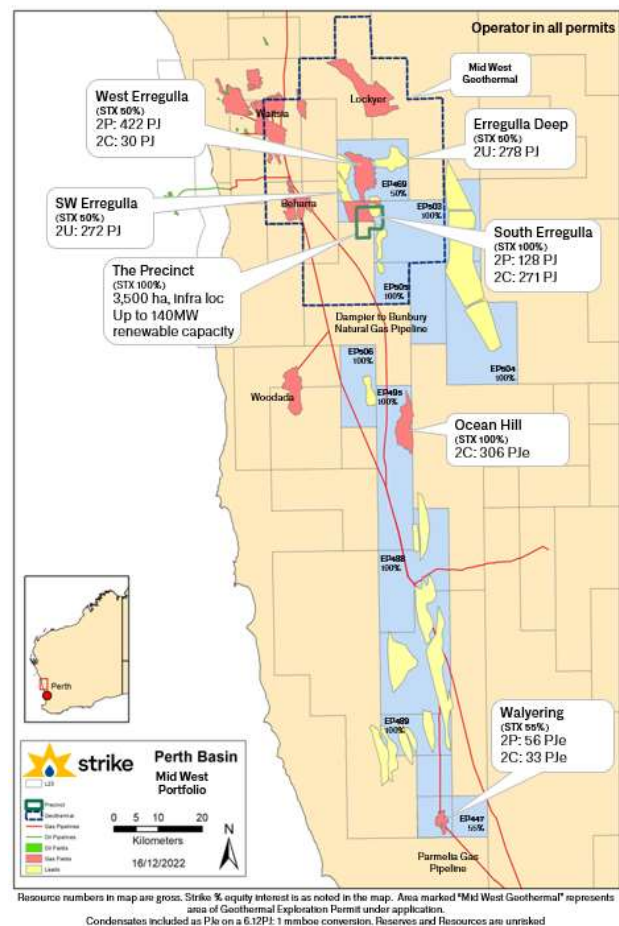
The names and details of the Company's Directors and Officers who were in office during or since the end of the half-year period and until the date of this report are outlined below. All Directors and Officers were in office for this entire period, unless otherwise indicated:

- Mr John Poynton AO Chairman (non-executive)
- Mr Stephen Bizzell Director (non-executive)
- Ms Mary Hackett Director (non-executive)
- Mr Stuart Nicholls Managing Director and Chief Executive Officer
- Mr Neville Power Director (non-executive)
- Mr Andrew Seaton Director (non-executive)
- Mr Justin Ferravant Company Secretary

Summary

Strike has had an exceptionally busy first half of the year having sanctioned its maiden Perth Basin domestic gas development and achieving other major strategic objectives. Strike finished the reporting period:

- as the largest holder of Reserves and Resources in the Perth Basin (refer adjacent map and Important Notices for reserve and resource information);
- with imminent gas production and resulting free cashflow generation;
- well-funded with \$190 million in cash and undrawn debt facilities¹ and a further \$80 million in an uncommitted Erregulla development facility; and
- with near-term exploration and appraisal drilling opportunities across two funded, procured and planned drilling campaigns targeting conversion of the South Erregulla and Ocean Hill 2C Contingent Resources (refer adjacent map) to 2P Reserves and the conversion of the Erregulla Deep and the Southwest Erregulla 2U Prospective Resources to 2C Contingent Resources.



Prospective Resource (2U) Cautionary Statement:

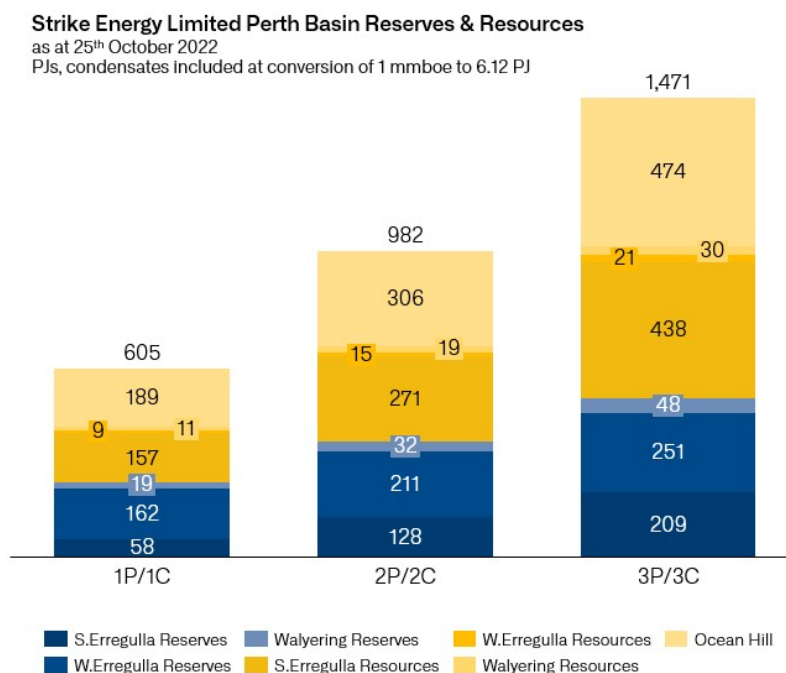
The above estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

¹ Inclusive of cash balance reported as at 31 December 2022, undrawn balance of the \$10 million Macquarie Bank Debt Facility for the Walyaring Project and the \$40 million committed debt facility from Macquarie Bank for the South Erregulla appraisal program which remains subject to execution of definitive finance documentation.

Directors' Report

During the reporting period, Strike collated the results from its 2021/2022 drilling campaign after engaging globally recognised certification agencies NSAI and RISC to conduct independent analysis of the Walyering, South and West Erregulla and Ocean Hill gas discoveries and evaluation of their associated volumetrics and resource classifications under the Petroleum Resource Management System.

The conclusion of this work has resulted in Strike being the current largest owner of combined Perth Basin gas Reserves and Contingent Resources with net 982 PJ made up of net 371 PJ 2P Reserves and net 611 PJ of 2C Contingent Resources.²

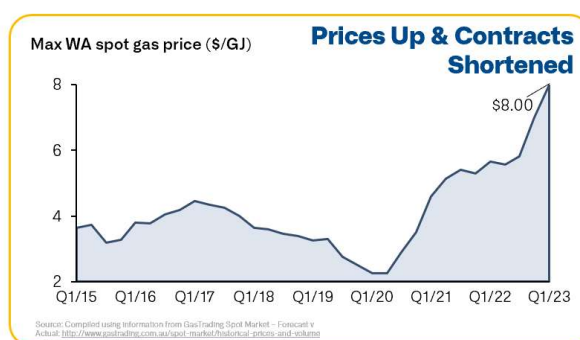


The size of Strike's gas portfolio provides the foundation of value on which Strike's integrated gas and low-carbon fertiliser business will be built, particularly at a time of acute gas and fertiliser shortages across both domestic and international markets.

WA Gas market

The reporting period saw ongoing tightening of long-term supply and demand dynamics. Events over the half exposed the fragility of WA's gas market with recent unplanned shutdowns, asset integrity and field failures all contributing to supply disruptions, resulting in a gas supply shortfall at the end of the reporting period requiring the forced curtailment of demand and diesel for gas fuel substitution for power generation.

During this confluence of events no additional supply capacity was brought online to reduce the impact of the gas shortfall. Several major gas consuming facilities (such as ammonia plants, mineral processing facilities and gas fired power generators) were curtailed for periods of time. In order to resume normalised market operations, major storage withdrawals occurred, and the State intervened in gas market operations to ensure that buyers who could use alternative energy sources and fuels did so. This resulted in diesel for gas fuel substitution for power generation across sites throughout Western Australia and state-wide gas production falling to as low as 757 TJ/d. During the reporting period, the Western Australian spot gas price cleared at up to \$8/GJ.



² Refer Important Notices on page (i) of this Report for information relating to Reserves and Resources. Reserves and Resources are unrisks.

Directors' Report

Given the maturity of Strike's gas developments, Strike is well positioned to take advantage of the current market dynamics as it moves into production operations in the second half of the reporting period.

AEMO WA Gas Statement of Opportunities

The annual long term Western Australian gas market forecast was released late in the first half of the reporting period. The report is the culmination of AEMO data collection, forecasting, and analysis that details the outlook for domestic gas supply and demand for Western Australia for the period 2023–2032. The report outlook is not a surprise and supports Strike's strategy and competitive advantage of low cost, close to market, domestic gas production.

The forecast outlook for the 2023 to 2026 gas supply-demand balance is predicted to be tight, with a deficit of up to 50 TJ/d in 2024 or 45 PJ over the four years. Forecast shortfalls are being driven by changes in production and increased demand, including for gas-powered generation from new resource and mineral processing projects.

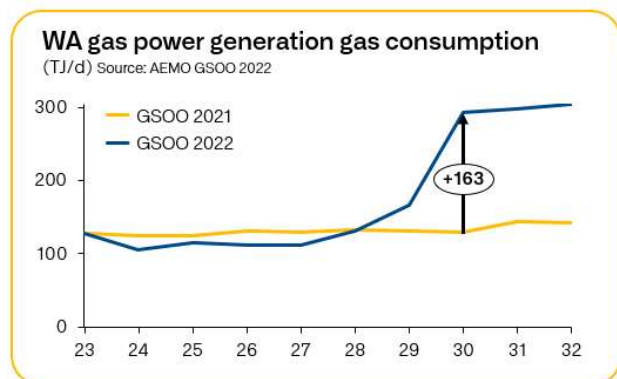
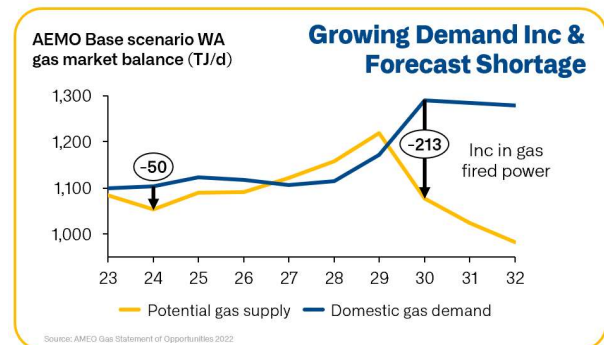
Domestic gas demand in Western Australia is forecast to increase from 1,099 TJ/d in 2023 to 1,278 TJ/d in 2032, at an average annual rate of 1.7%. Gas demand for power generation in the South-West Interconnected System is forecast to grow from 127 TJ/d in 2023 to 304 TJ/d in 2032 as state-owned coal fired power stations are retired and alternative generation is required, only part of which can be currently filled by renewables. In addition, committed new resources projects in Western Australia's mining and minerals processing sector are also expected to add a further 43 TJ/d to gas demand by 2026.

Between 2027 and 2029, supply is expected to exceed demand by 38 PJ, assuming Woodside's Scarborough project is brought online in the currently projected timeframe. The domestic gas market then moves into a much larger deficit from 2030 onwards in line with planned coal generation retirements and a decline in production from existing gas fields. Recent and public Collie coal supply issues have highlighted the risk that coal supply declines well before 2030 and that additional gas supply may be required to fill the power generation gap much earlier than forecast.

Strike's interpretation of the report and the effect on our business strategy includes the following conclusions:

- A high potential for increased price volatility in the domestic gas market based on the uncertainty in the timeframe of new supply.
- Western Australia's existing gas storage (up to 210 TJ/d) will be highly impactful going forward based on the anticipated increase in volatility noted above.
- Spot market volumes and prices are likely to increase.
- Customer recontracting will be significant. Gas consumer contract duration has declined with only 48% (down from 67% last year) of demand being contracted for 4+ years. 52% of demand will be recontracting in the next 2 years in a tight market (this is similar to East Coast trends which are now 1 year in length).

Purchasing the ~3,500 hectare freehold Mid West Low Carbon Manufacturing Precinct in the Perth Basin and accelerating Greater Erregulla gas supply to meet domestic gas demand reinforces Strike's strong position in the context of the domestic market dynamic forecast.



Directors' Report

Transaction with Warrego Energy Limited

During the first half of the reporting period, Strike engaged with Warrego Energy Limited's (**Warrego**) Board in a proposed merger. Following competing offers for Warrego, Strike opened an off-market takeover bid to acquire all of the ordinary shares issued in the capital of Warrego that it did not already own. Hancock Energy (PB) Pty Ltd (**Hancock**) secured majority control of Warrego after competing offers from Strike and Beach Energy Limited and share acquisitions by Mineral Resources Limited.

Despite not acquiring control of Warrego, Strike has achieved a number of key milestones in respect of its business strategy over the last 6 months, including:

1. **Share price appreciation of ~40%:** Since submitting Strike's initial proposal to Warrego on 16 September 2022, Strike's share price increased from 25.5 cents per share to 36.5 cents per share (based on closing price on the offer closing date at 13 February 2023). Strike's share price rose to as high as 40.5 cents per share on the 25th of January 2023.
2. **Releasing ~\$136 million of equity funding at a substantial premium to Strike's current share price:** Strike has issued ~284 million new Strike Shares to raise net cash proceeds of ~\$113 million (A\$136 million proceeds net of ~\$22.3 million cash costs to acquire ~93 million Warrego Shares in July 2021). This implies an effective equity raising price of ~40 cents per share³.
3. **Welcoming a well-credentialed, well-funded and motivated counterparty to pursue the development of West Erregulla:** Hancock is one of Australia's leading energy and resources companies with significant development experience. Hancock also has significant cash reserves with sufficient existing financial capacity to fund their portion of the West Erregulla development costs.
4. **Extracted significant value for its strategic interest in Warrego:** Since Strike's initial proposal, Strike has maximised value of its strategic shareholding in Warrego, for the benefit of current and incoming Strike Shareholders by procuring an 80% increase in the counterparty offer price from 20 cents per share (under Beach's offer) to 36 cents per share (under Hancock's offer).

The Strike Board continues to believe the implementation of Strike's business strategy will provide significant long-term upside to its shareholders, including by virtue of the advancement of Project Haber, continued exploration activities and its transition to become Australia's next gas producer. Strike looks forward to working with Hancock on the development of the West Erregulla gas field going forward.

Walyering (EP447: STX 55%)

At the beginning of the reporting period, Strike announced the Walyering gas field had been sanctioned for development by the EP447 Joint Venture where Strike is the operator and owner of a 55% equity interest, with Talon Energy Limited the owner of the remaining 45%.



³ Based on net proceeds of \$113 million (\$136 million of proceeds from sale of Strike's 377,040,765 Warrego shares for 36 cents per share, less the total acquisition price of ~\$22.3 million for 93,312,610 Warrego shares) divided by the total of 283,728,155 Strike shares issued.

Directors' Report

The EP447 Joint Venture sanctioned the development of the up to 33 TJ/d and 250 bbl/d production facility at the Walyering gas field following the successful appraisal of the field via the Walyering 5 and 6 wells, which delineated a gross 54 PJ of 2P Reserves and gross 32 PJ of 2C Contingent Resources plus ~0.8mmboe of associated condensates⁴.

Strike and joint venture partner Talon announced during the reporting period that it will supply a total of 36.5 PJ of gas to Santos-WA Limited on a firm basis with target commencement from first quarter 2023, for a period of 5 years. The contract covers tranches of firm take or pay volumes as well as 'as available' gas, which provides flexibility to the Joint Venture as the field ramps up towards its maximum production. The agreement is US-dollar denominated linked to escalation in US-CPI.

The gross cost of the production facility remains on target for approximately \$14.4 million plus at least \$2.4 million in costs for the connection and metering to the APA owned Parmelia Gas Pipeline. The overall fixed and variable operating cost of the field is estimated at approximately \$0.19/GJ based on 33 TJ/d annual average production⁵. The facility, which will be the closest source of gas to the major Southwest gas market, will be powered purely by solar and battery storage thereby enabling Walyering to have an emissions intensity that is more than 10 times less than most current domestic WA gas supplies.

Greater Erregulla (EP503: STX 100%, EP469: STX 50% and operator)

In the first half of the year, Strike completed the production testing of the Wagina Sandstones encountered in the South Erregulla gas discovery and engaged with independent certifier NSAI in order to evaluate the results of the drilling of the SE1 well limited to EP503 only. NSAI independently certified, 100% to Strike:

- net 2P plus net 2C gas Reserves and Contingent Resources of approximately 306 PJ in the Kingia Sandstone; and
- net 2C Contingent Resources of approximately 93 PJ in the Wagina Sandstone.

Strike's Reserve and Resource position across the Greater Erregulla permits (EP503 and EP469) is captured below:

Greater Erregulla Net Gas Reserves & Resources (PJ) ⁶						
	1P	2P	3P	1C	2C	3C
South Erregulla (100% Strike)						
Reserves	58	128	209	-	-	-
Contingent Resources	-	-	-	157	271	438
West Erregulla (Strike, 50%)						
Net Reserves	162	211	251	-	-	-
Net Contingent Resources	-	-	-	9	15	21
Total	220	339	460	166	286	459

In September 2022, Strike settled the acquisition of 3,500 ha of freehold farmland, which is the location for Strike's new Mid West Low Carbon Manufacturing Precinct. The acquisition was supported via a \$6 million agricultural finance facility from Rabobank Australia Limited.

⁴ Refer Important Notices on page (i) of this Report for information relating to Reserves and Resources.

⁵ Based on 365 days of production and \$2.3m of annual operating costs

⁶ Refer Important Notices on page (i) of this report for information relating to Reserves and Resource. Reserves and Resources are un-risked.

Directors' Report



The acquisition of the ~3,500 hectare Mid West Low Carbon Manufacturing Precinct (**Precinct**) together with the gas discovery at South Erregulla in early 2022 and the corporate activity involving a change of control at Warrego, caused Strike's Board to carry out a review of its development strategy for its Greater Erregulla portfolio of assets at the end of the reporting period. This review focussed on ensuring that Strike's physical and financial resources are directed at where it can most efficiently and effectively develop its Greater Erregulla gas resources to generate additional early domestic gas revenues in a manner and within a timeframe that it can best control, whilst preserving sufficient gas as feedstock for the planned Project Haber 1.4mtpa urea facility.

As a result of this review, Strike's Board determined the optimal development strategy is to locate domestic gas processing infrastructure at the Precinct that is capable of servicing Strike's portfolio of domestic gas development opportunities across the Greater Erregulla region. Locating a gas plant at the Precinct offers significant benefits which include:

- accelerated environmental approvals as the development does not require clearance of native vegetation / habitat and does not require the need to secure leases and offset areas.
- a centralised facility with capacity to process gas from across the Greater Erregulla region and avoid duplication of infrastructure.
- the ability to integrate the proposed Precinct renewables capacity to reduce CO₂e emissions.
- the flexibility to expand capacity and infrastructure efficiently as appraisal and nearfield exploration drilling occur in the area over the next two-years. There is abundant cleared land in order to integrate additional processing trains as further gas resources are delineated.

Directors' Report

Strike will look to engage a third party to build, own and operate the gas infrastructure and will now commence the process of identifying that third party and commencing negotiations for the new project.

Having selected the Precinct as the preferred location for Strike's domestic gas processing infrastructure, Strike determined not to extend the tri-partite arrangements between Strike, Warrego and AGIG for the previously proposed 87 TJ/day Phase 1 West Erregulla dedicated gas processing plant to be constructed on EP469 and will instead focus its attention on the gas processing development at the Precinct and then Project Haber.

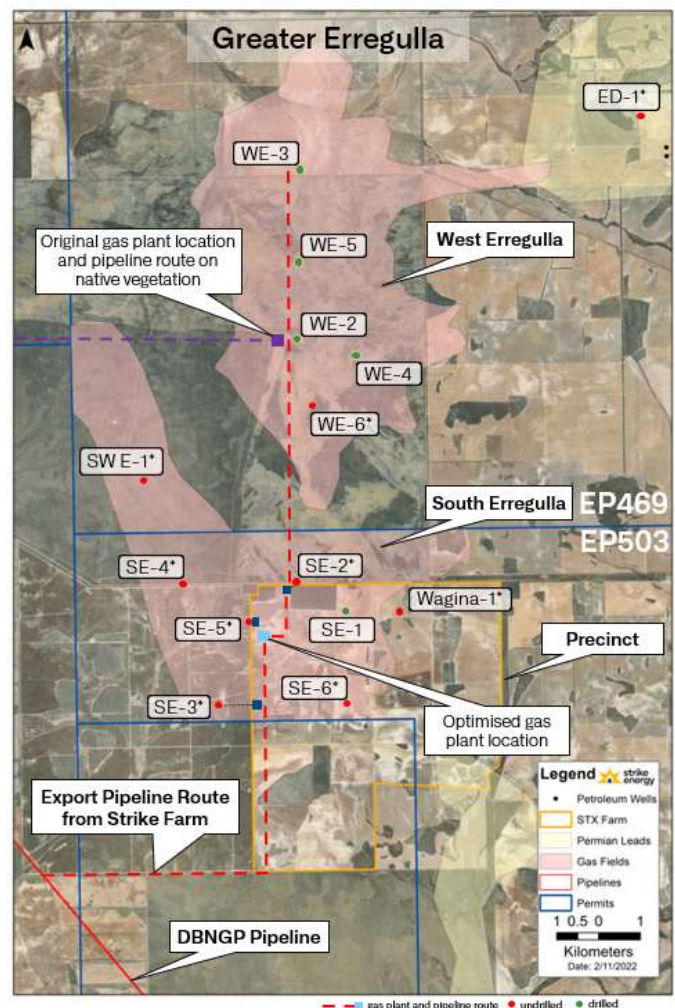
This new gas plant is earmarked to be financed via an \$80 million facility from Macquarie Bank, which is currently uncommitted and subject to further bank approvals and project milestones. This finance facility would have a similar cost to the Walyering Facility with a 4-year tenor post project completion.⁷

Strike has also exercised its right to terminate the gas balancing agreement that was entered into between Strike and Warrego as part of the Phase 1 West Erregulla development to align the interests of both parties with respect to the difference in total contracted volumes for each of their respective foundation gas sales agreements.⁸

Late in the reporting period, Strike in conjunction with Mineral Resources Limited subsidiary, Energy Resources Limited negotiated and secured multiple firm and optional drilling slots on the Ensign 970 for its upcoming appraisal and exploration campaigns over 2023 and 2024.

The secured drilling slots will be broken up into two separate campaigns:

1. **South Erregulla appraisal campaign** - Two updip appraisal wells to start in mid-2023 in Strike's 100% owned South Erregulla gas field in EP503 with the target of converting the current independently certified gross 178 PJ of 2C Contingent Resources in the Kingia Sandstone to 2P Reserves; and
2. **West Erregulla exploration campaign** - A nearfield exploration campaign in early-2024 to drill and test Erregulla deep-1 and Southwest Erregulla-1 within EP469, where an exploration work program and budget has been formally approved by the EP469 Joint Venture that also includes 2D seismic reprocessing over the Erregulla Deep structure.



⁷ Refer ASX announcement dated 19 December 2022 for further details.

⁸ A gas balancing agreement typical for petroleum joint ventures remains in place as between the participants in the EP469.

Directors' Report

The Prospective Resources for the two West Erregulla drill targets are listed below:

Prospective Resources (50% net to Strike)						
Southwest Erregulla	Low Estimate		Best Estimate		High Estimate	
	1U		2U		3U	
	Gross	Net	Gross	Net	Gross	Net
OGIP (bcf)	280	140	383	192	489	245
Net Sales Gas (PJ)	197	99	272	136	353	177
Erregulla Deep						
OGIP (bcf)	298	149	391	196	492	246
Net Sales Gas (PJ)	209	105	278	139	355	178
Total Net Sales Gas (PJ)	406	203	550	275	707	354

Prospective Resource Cautionary Statement:

The above estimated quantities of petroleum that may potentially be recovered by the application of a future exploration and development project(s) relate to undiscovered accumulations. These estimates are un-risked, probabilistically determined, and have both an associated risk of discovery (POS 42% for Erregulla Deep and 54% for Southwest Erregulla) and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Volumes are stated in gross and net to Strike (50% equity share). Refer Important Notices at the end of this Report for further information on the Resource Estimate.

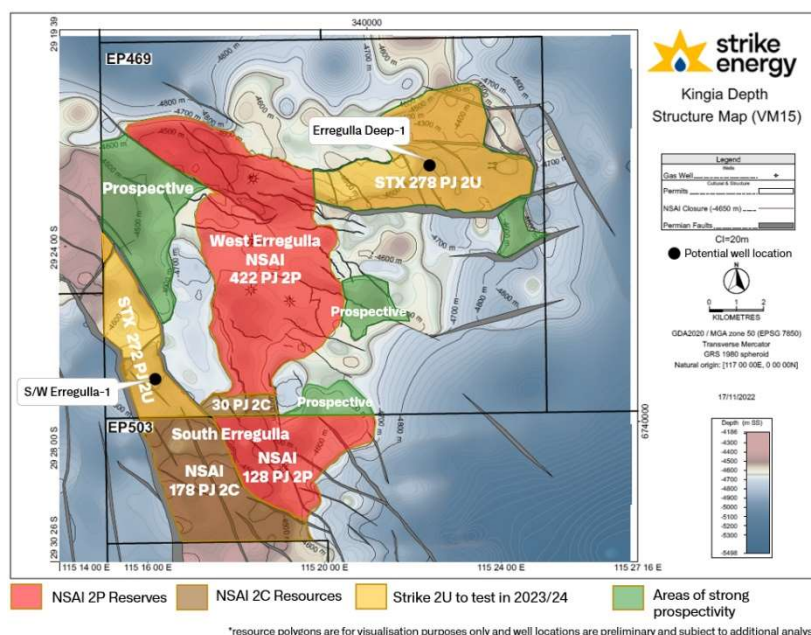
The drilling expenses at South Erregulla will be funded by a \$40 million drilling facility⁹ to be provided as part of the \$153 million Macquarie Bank domestic gas financing package announced to ASX on 19th December 2022. The drilling facility will have a 24-month tenor, capitalising interest and a 11% coupon plus bank bill swap rate.

Ocean Hill (EP495: STX 100%)

During the reporting period, Strike released an updated Ocean Hill independently certified resource statement from RISC, which took into account the proprietary data obtained from the successful exploration and appraisal of the recently sanctioned Walyering gas field from within Strike's Jurassic wet-gas portfolio in the Perth Basin.

RISC independently certified net 2C conventional Contingent Gas Resources of approximately 300 PJ (100% to Strike) in the Cadda and Cattamarra Formations at the Ocean Hill gas field within EP495. RISC has increased the net 1C Contingent Resources by over 700% from the last resource report in 2013 to net 185 PJ 1C and estimates net 3C gas Contingent Resources totalling approximately 464 PJ (all 100% to Strike), which represents a substantial increase in confidence and potential at Ocean Hill.¹⁰

Similar to Walyering, Ocean Hill is adjacent (6 km) to a pipeline compressor station. In this case, it is Compressor Station-8 of the Dampier to Bunbury Natural Gas Pipeline, which is connected to both the LNG projects in the North and the industrial gas markets of Western Australia in the South, providing multiple potential commercialisation pathways.



*resource polygons are for visualisation purposes only and well locations are preliminary and subject to additional analysis

⁹ Facility remains subject to execution of definitive finance documentation.

¹⁰ Refer Important Notices on page (i) of this Report for Reserves and Resource information. Resources are un-risked.

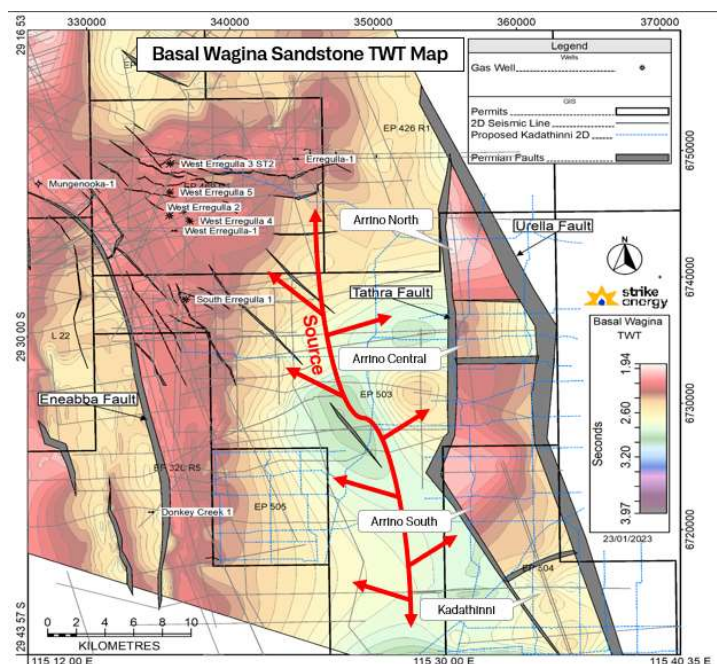
Directors' Report

Ocean Hill is firming as a material and valuable low-cost option for Strike's gas business as the low impurity wet hydrocarbon stream requires minimal capital in order to commence commercial production. As a result, and as part of the rig procurement process for the Greater Erregulla campaigns, Strike has secured a further option slot in 2024 which, subject to acquisition and interpretation of new seismic data, Strike intends to use to drill an appraisal well into the 100% owned Ocean Hill gas field within EP495. The appraisal drilling will target the conversion of the current Contingent Resources to Reserves and bringing Ocean Hill online to generate additional tranches of low cost and fast to market gas by 2025 when the market is expected to be at its tightest.

Tathra Terrace - Arrino and Kadathinni (EP503 and EP504: STX 100%)

During the half year, Strike's regional seismic analysis identified the Tathra Terrace structural trend within the 100% Strike owned EP504 and EP503, which comprises a series of linked fault blocks formed between the Urella fault to the East and the Tathra/Wicherina Fault to the West, extending from Lockyer Deep in the North.

At least four large structural closures are identified along the Tathra Terrace. Three linked closures rise towards the North and are termed Arrino North, Arrino Central and Arrino South leads respectively. The deeper Kadathinni lead comprises an additional fault block somewhat isolated from Arrino and deeper to the South. South of Kadathinni, the Tathra trend shows structural reversal along a deep flexure marking the Abrolhos Transfer Zone. The combined closure of these four structures is ~100km². Estimated depths of these structures range from approximately 4km for Arrino (roughly equivalent to Lockyer Deep) to around 6km for Kadathinni (deeper than at West Erregulla). As an approximate guide, the resource density of the Erregulla fields is 13.6 PJ per square kilometre of Permian (Kingia) closure. Strike has scoped a targeted 2D seismic campaign and will look to execute this in the coming 12 months in order to delineate drilling locations.



Project Haber

Strike made meaningful progress at Project Haber over the half year, which continues to provide a valuable option for Strike to monetise a large volume of gas into a better priced, larger, and more flexible market in a carbon conscious manner whilst starting to expose Strike to larger renewable projects and the emerging hydrogen economy.

Project Engineering and Port Access

During the half year, Strike awarded the FEED (Front End Engineering and Design) contract for Project Haber to Technip Energies. Preparation of FEED project management documentation has commenced as has licensor agreement negotiations, including technical meetings with Licensors and Technip Energies to finalise licensor basis of designs. The Mid West Port Authority commenced engineering studies on the \$350 million WA Government funded Port Maximisation Project with consultation with Strike continuing towards a world class urea export solution.

Mid West Low Carbon Manufacturing Precinct

During the half year, Strike completed Geotechnical studies including sampling and topographical surveys at the Precinct in the area of the proposed Project Haber plant. This has allowed Strike to complete the full design of the Precinct and locate its proposed infrastructure, wells and renewable assets.

Directors' Report

Also several studies required for the planning and scheme amendment (for example the Traffic Survey and Bushfire Management Plan) for the use of the Precinct as an industrial hub versus an agricultural property were completed. Discussions to date with the Three Springs Shire have been very positive with a high degree of alignment in the objectives of the two parties, resulting from the enormous job and local population growth that the Haber plant would bring to the Mid West region.

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

Environmental Approvals

Late in the first half of the year, Strike submitted the environmental referral for Project Haber together with the appropriate supporting documentation required for its key Part IV environmental approvals to WA's Environmental Protection Agency. Seven-day comment on new referral closed on 22nd December 2022. The environmental approvals are considered the longest lead item for timely development of Project Haber.

Urea Offtake

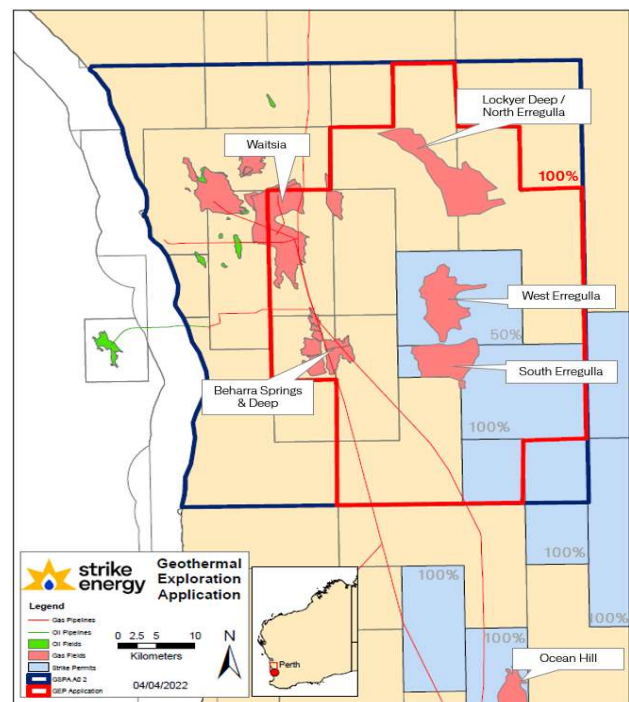
Negotiations with Koch Fertilizers are progressing and remain on track for completion and conversion of the Terms Sheet into a Binding Offtake Agreement by the end of the 2023 financial year as previously indicated.

Mid-West Geothermal Power Project

During the half year, Strike continued to engage with the regulator for the grant of a Geothermal Exploration Permit applied for earlier this year. Once complete Strike will look to commence studies with tertiary institutions in order to progress the Mid-West Geothermal Power Project in Western Australia's Perth Basin.

Corporate

In August 2022, the Company raised \$30 million via a placement to sophisticated and institutional investors. The Company also secured a \$153 million domestic gas financing package with Macquarie Bank to cover pre-development and development costs across its high-quality domestic gas projects in the Perth Basin.¹¹ The facilities are to provide Strike with the capital required to close out its journey to first gas production at Walyering and then onward to becoming a significant Western Australian gas producer via the Erregulla domestic gas project. This financing is on top of the \$136 million of proceeds that was generated as a result of Strike accepting into the Hancock offer for Warrego post the half year end. The Company has moved into second half of the year very well capitalised and funded.



Significant changes in the state of affairs

Except as disclosed in the Directors' Report, and subsequent events (refer to note 26 in the Notes to the Condensed Consolidated Financial Statements), there have been no significant changes in the state of affairs of the Group during the current reporting period.

¹¹ Refer ASX announcement on 19th December 2022 for details of the finance package. The package includes refinancing of the existing \$30 million facility and a committed \$40 million facility to finance the South Erregulla appraisal program, each of which remain subject to execution of definitive finance documentation, and an \$80 million uncommitted facility for the proposed Erregulla gas plant.

Directors' Report

Auditor's independence declaration

The Company has obtained an independence declaration from our auditors, Deloitte Touche Tohmatsu, which follows the Directors' Report.

Subsequent events

Subsequent to 31 December 2022, Strike:

- completed the acquisition of 149,177,008 shares in Warrego pursuant to the Share Purchase Agreements entered into with various shareholders of Warrego in December 2023, in consideration for which Strike issued 149,177,008 fully paid ordinary shares in Strike; and
- acquired 134,551,147 shares in Warrego for scrip consideration of 134,551,147 fully paid ordinary shares in Strike pursuant to the off-market takeover bid made by Strike for all the ordinary shares in Warrego Energy that Strike did not already own.

Further to the above, in February 2023, Strike formally accepted Hancock's off-market takeover offer of Warrego for \$0.36 cash consideration per Warrego share in respect of the 377,040,765 Warrego shares held by Strike for a total cash consideration of ~\$136 million.

In January 2023, the EP447 Joint Venture was granted its production licence. As a result, Tranche C2 of the \$10 million Macquarie debt facility for the Walyering development was available for drawdown (refer to note 19 in the Notes to the Condensed Consolidated Financial Statements for further information).

After the half year period, Macquarie Bank Limited exercised the 35,000,000 million options to subscribe for 35,000,000 fully paid ordinary shares in Strike at \$0.29 per share granted to Macquarie Bank as part consideration for the provision of the Tranche A debt facility.

With the exception of the above which are detailed in Note 26, there have been no other events subsequent to 31 December 2022 that would require adjustment to or disclosure in the condensed consolidated financial statements.

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to and for the purposes of s 303 (5) and s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Stuart Nicholls, Managing Director

Perth, Western Australia, 23 February 2023



23 February 2023

The Board of Directors
Strike Energy Limited
Level 2, 66 Kings Park Road
WEST PERTH WA 6005

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 report of Strike Energy Limited for the half year ended 31 December 2022, 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

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "David Newman".

David Newman
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



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

Conclusion

We have reviewed the half-year financial report of Strike Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit and loss and other 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Directors' Responsibilities for the Half-year Financial Report

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



Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2022 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.

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.

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "David Newman".

David Newman
Partner
Chartered Accountants
Perth, 23 February 2023

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

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

On behalf of the Directors



Stuart Nicholls

Managing Director

Perth, Western Australia

23 February 2023

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the half-year period ended 31 December 2022

\$'000	Note	31 Dec 2022	31 Dec 2021
Other income	6(a)	1,391	2,471
Total income		1,391	2,471
Operating and administration expenses	6(b)	(8,770)	(7,548)
Fair value movement on derivative financial liability	6(c)	(587)	-
Profit / (loss) before financing and impairment		(7,966)	(5,077)
Finance income	7	9	20
Finance expense	7	(2,569)	(1,927)
Net finance expense		(2,560)	(1,907)
Impairment of exploration and evaluation assets	12	(490)	(374)
Profit / (loss) before income tax		(11,016)	(7,358)
Income tax benefit / (expense)	8	1,621	(50)
Profit / (loss) for the period		(9,395)	(7,408)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Fair value gains / (loss) on investments in equity instruments designated at FVOCI		17,042	(11,614)
Other comprehensive income / (loss) for the period, net of income tax		17,042	(11,614)
Total comprehensive income / (loss) attributable to owners of the Company		7,647	(19,022)
Earnings per share			
From continuing and discontinued operations			
- Basic (cents per share)	21	(0.44)	(0.37)
- Diluted (cents per share)	21	(0.44)	(0.37)

The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the notes to the condensed consolidated financial statement.

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

\$'000	Note	31 Dec 2022	30 Jun 2022
Cash and cash equivalents	9	9,722	13,905
Trade and other receivables	10	613	2,119
Other assets	11	1,086	692
Right of use asset		71	-
Total current assets		11,492	16,716
Right of use asset		-	111
Exploration and evaluation assets	12	122,292	129,106
Oil and gas assets	13	27,846	-
Property, plant and equipment	16	14,619	421
Intangible assets	14	1,460	1,628
Investment in equity instruments	15	38,786	10,264
Other assets	11	666	500
Total non-current assets		205,669	142,030
Total assets		217,161	158,746
Trade and other payables	17	(3,838)	(8,372)
Employee benefits		(530)	(512)
Provisions	18	(2,501)	(1,752)
Borrowings	19	(23,140)	-
Other financial liabilities	20(a)	(587)	-
Lease liabilities		(112)	(118)
Total current liabilities		(30,708)	(10,754)
Trade and other payables	17	-	(950)
Employee benefits		(217)	(188)
Provisions	18	(4,323)	(5,153)
Borrowings	19	(6,000)	(18,291)
Other liabilities	20(b)	(5,825)	(6,485)
Lease liabilities		-	(51)
Total non-current liabilities		(16,365)	(31,118)
Total liabilities		(47,073)	(41,872)
Net assets		170,088	116,874
Equity			
Issued capital	21	343,399	301,339
Reserves	22	24,385	3,836
Accumulated losses		(197,696)	(188,301)
Total equity		170,088	116,874

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

Condensed Consolidated Statement of Changes in Equity

For the half-year period ended 31 December 2022

\$'000	Issued Capital	Total Reserves	Accumulated Losses	Total Equity
Balance at 1 Jul 2021	297,960	12,733	(172,568)	138,125
Profit / (loss) for the period	-	-	(7,408)	(7,408)
Other comprehensive income / (loss) for the period	-	(11,614)	-	(11,614)
Total comprehensive income / (loss) for the period	-	(11,614)	(7,408)	(19,022)
Issue of ordinary shares during the period	-	-	-	-
Recognition of share-based payments	-	435	-	435
Share issue costs	-	-	-	-
Balance at 31 Dec 2021	297,960	1,554	(179,976)	119,538
Balance at 1 Jul 2022	301,339	3,836	(188,301)	116,874
Profit / (loss) for the period	-	-	(9,395)	(9,395)
Other comprehensive income / (loss) for the period	-	17,042	-	17,042
Total comprehensive income / (loss) for the period	-	17,042	(9,395)	7,647
Issue of ordinary shares during the period	43,260	(1,057)	-	42,203
Recognition of share-based payments	-	4,564	-	4,564
Share issue costs	(1,200)	-	-	(1,200)
Balance at 31 Dec 2022	343,399	24,385	(197,696)	170,088

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

Condensed Consolidated Statement of Cash Flows

For the half-year period ended 31 December 2022

\$'000	31 Dec 2022	31 Dec 2021
Cash flows from operating activities		
Other receipts	59	650
Interest received	9	20
Interest paid	(1,544)	(8)
Net receipts from joint venture recoveries	1,421	2,116
Payments to suppliers and employees	(4,164)	(8,540)
Net cash used in operating activities	(4,219)	(5,762)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure assets	(22,735)	(12,961)
Payments for oil and gas assets	(4,779)	-
Payments for property, plant and equipment	(13,857)	(374)
Proceeds from government grants	40	22
Payments of deposits	-	(6,226)
Payments for equity instruments designated at FVTOCI	-	(11,529)
Net cash used in investing activities	(41,331)	(31,068)
Cash flows from financing activities		
Proceeds from issue of equity instruments	32,026	-
Payment of share issue costs	(1,200)	-
Proceeds from borrowings	11,550	3,000
Payment of borrowing costs	(219)	-
Term deposit	(631)	-
Payment of lease liabilities	(57)	(53)
Net cash provided by financing activities	41,469	2,947
Net increase/(decrease) in cash and cash equivalents	(4,081)	(33,883)
Cash and cash equivalents at the beginning of the period	13,905	74,724
Effects of exchange rate changes on the balance of cash held in foreign currencies	(102)	16
Cash and cash equivalents at the end of the period	9,722	40,857

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

Notes to the Condensed Consolidated Financial Statements

1. Reporting entity

Strike Energy Limited (the “Company”) is a for profit company limited by shares and incorporated and domiciled in Australia. The Company’s shares are publicly traded on the Australian Securities Exchange.

The condensed consolidated financial statements of the Company as at and for the half-year period ended 31 December 2022 comprises of the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates, joint ventures, and joint operations.

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

The address of the registered office of the Company is Level 2/66 Kings Park Road, West Perth, WA 6005, Australia.

2. Basis of preparation

2.1 Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with the Corporations Act and AASB 134 *Interim Financial Reporting*. The condensed consolidated financial statements also comply with International Financial Reporting Standards and Interpretations (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) where relevant. The disclosures required in these condensed consolidated financial statements are less extensive than the disclosure requirements for annual financial statements. The condensed consolidated financial statements should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2022.

The condensed consolidated financial statements comprise the Condensed Statements of Profit and Loss and Other Comprehensive Income, Financial Position, Changes in Equity and Cash Flows as well as the relevant notes to the condensed consolidated financial statements.

2.2 Going concern

The interim financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred net losses after tax of \$9.4 million (31 December 2021: net loss after tax of \$7.4 million) and experienced net cash outflows from operating and investing activities of \$45.6 million (31 December 2021: \$36.8 million) for the half year ended 31 December 2022. As at 31 December 2022, the Group had a net asset surplus of \$170.1 million (30 June 2022: \$116.9 million), a net current liability position of \$19.2 million (30 June 2022: net current asset position of \$6.0 million) and cash and cash equivalents of \$9.7 million (30 June 2022: \$13.9 million).

As disclosed in Note 26, in February 2023, the Group accepted Hancock Energy (PB) Pty Ltd’s off-market takeover offer of Warrego Energy Limited for \$0.36 cash consideration per Warrego share in respect of the 377,040,765 Warrego shares held by Strike, which will result in the receipt of a total cash consideration of approximately \$136 million. As at the date of this report, Strike has formally accepted the offer with cash proceeds due to be received in February 2023.

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

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

2.3 Basis of measurement

The condensed consolidated financial statements have been prepared under the historical cost convention.

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

2.4 Presentation currency

These condensed consolidated financial statements are presented in Australian Dollars ("AUD"), which is the Group's functional currency.

2.5 Rounding of amounts

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

2.6 Accounting policies and recently issued accounting pronouncements

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in the annual financial statements for the year ended 30 June 2022.

3. Financial risk management

Exposure to market risk (including currency risk, interest rate risk and commodity prices risk), credit risk, liquidity risk and climate change risk arises in the normal course of the Group's business. During the half-year ended 31 December 2022, the Group continued to apply the risk management objectives and policies as disclosed in the annual financial report for the year ended 30 June 2022.

4. Use of estimates and judgements

The preparation of these condensed consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future and other key sources of uncertainty in respect of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are consistent to those as disclosed in the annual financial report for the year ended 30 June 2022.

5. Segment reporting

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

The Group's KMP includes the Board of Directors of the Company, the Managing Director, and the Chief Financial Officer. Information reported to the Group's KMP for the purposes of resource allocation and assessment of performance currently focuses on the Group's exploration and development activities in Australia.

Consistent with the Group's strategy to focus its exploration and evaluation activity in Australia, the Group has one reportable segment being Australia.

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

6. Revenue and expenses

For the half-year period ended \$'000	31 Dec 2022	31 Dec 2021
(a) Other income		
Cost recoveries	1,433	1,783
Other	(42)	688
	1,391	2,471
(b) Operating and administration expenses		
Depreciation – property, plant and equipment	(326)	(276)
Employee benefits expense	(2,048)	(3,761)
Share-based payments expense	(3,056)	(435)
Corporate expenses	(489)	(689)
Legal fees	(306)	(319)
Consulting fees	(1,550)	(1,782)
Office costs	(14)	(24)
Other	(488)	(262)
Loss on onerous contracts / leases ⁽ⁱ⁾	(175)	-
Loss on share swaps ⁽ⁱⁱ⁾	(318)	-
	(8,770)	(7,548)
(c) Fair value movement on derivative financial liability		
Fair value movement on derivative financial liability ⁽ⁱⁱⁱ⁾	(587)	-
	(587)	-

(i) Refer to Note 18.

(ii) Refer to Note 15 and Note 21.

(iii) Refer to Note 20(a).

7. Net finance expense

For the half-year period ended \$'000	31 Dec 2022	31 Dec 2021
Interest income on cash and cash equivalents	9	20
Finance income	9	20
Interest expense on financial liabilities	(1,606)	(672)
Lease interest expense	(3)	(6)
Financing costs and bank charges	(960)	(1,250)
Finance expense	(2,569)	(1,927)

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

8. Income tax

For the half-year period ended \$'000	31 Dec 2022	31 Dec 2021
Reconciliation of effective tax rate		
Profit/(Loss) from continuing operations	(11,016)	(7,358)
Income tax benefit/(expense) calculated at 25% (2022: 26%)	2,754	1,839
Effect of income and expenditure that is either not assessable or deductible in determining taxable profit	(1,054)	(466)
Recognition of prior year tax losses	1,621	-
Effect of tax concessions (research and development and other allowances)	-	(50)
Effect of deferred tax arising from equity	(4,365)	2,904
Effect of deferred tax expense not brought to account	2,665	(4,277)
Income tax benefit/(expense)	1,621	(50)

9. Cash and cash equivalents

As at \$'000	31 Dec 2022	30 June 2022
Cash and cash equivalents	9,722	13,905
	9,722	13,905

10. Trade and other receivables

As at \$'000	31 Dec 2022	30 June 2022
Current		
GST receivable	177	354
Other receivables – joint venture recoveries	436	1,765
	613	2,119

11. Other assets

As at \$'000	31 Dec 2022	30 June 2022
Current		
Advances ⁽ⁱ⁾	230	25
Security deposits ⁽ⁱⁱ⁾	170	204
Prepayments	686	463
	1,086	692
Non-Current		
Security deposits ⁽ⁱⁱ⁾	666	500
	666	500

- (i) Advances represent payments made to the operations of the Group's joint arrangements, which will be used for exploration and evaluation activities in the future.
- (ii) Security deposits relate to cash provided to secure leasing and project obligations.

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

12. Exploration and evaluation assets

For the half-year period ended \$'000	Total
Balance at beginning of period	129,106
Additions	18,000
Change in restoration provision	(433)
Transfer to oil and gas assets in development ⁽ⁱ⁾	(23,891)
Impairment ⁽ⁱⁱ⁾	(490)
Balance at end of period	122,292

- (i) Refer to Note 13.
(ii) During the half year, the Group recognised a \$0.5 million impairment charge related to its Cooper Basin assets following the decision in prior periods to discontinue the Jaws pilot testing.

13. Oil and gas assets

For the half-year period ended \$'000	Total
Assets in development	
Balance at beginning of period	-
Transfers from exploration and evaluation assets ⁽ⁱ⁾	23,891
Additions	3,918
Change in restoration provision	37
Impairment	-
Balance at end of period	27,846

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

14. Intangible assets

As at \$'000	31 Dec 2022	30 June 2022
Balance at beginning of period	1,628	2,000
Additions	-	-
Amortisation	(168)	(372)
Balance at end of period	1,460	1,628

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

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

15. Investment in equity instruments

As at \$'000	31 Dec 2022	30 June 2022
Balance at beginning of period	10,264	10,350
Acquisition of shares in listed companies ⁽ⁱ⁾	9,859	11,528
Disposal of shares in listed companies	-	-
Revaluation to fair value ⁽ⁱⁱ⁾	18,663	(11,614)
Balance at end of period	38,786	10,264

- (i) During the half year, Strike entered into a Share Purchase Agreement (SPA) with sophisticated investors to acquire 149,177,008 shares in Warrego Energy Limited in exchange for 149,177,008 shares in Strike Energy Limited. As at 31 December 2022, 31,804,121 Strike shares were issued upon completion of the transfer of 31,804,121 shares in Warrego Energy Limited. The transferred Warrego shares were classified as investments in equity instruments and measured at the closing share price of the transfer date. The Strike shares allocated as scrip consideration per the terms of the SPA were issued to share capital and recognised at Strike's closing share price of the transfer (refer to Note 21). A loss was recognised for the difference in fair value at the transfer date between the transferred Warrego and Strike shares as detailed in Note 6. Additionally, Strike recognised a derivative financial liability and corresponding loss for the difference in the fair value of the share price between Strike Energy Limited and Warrego Energy Limited for 117,372,887 Warrego shares yet to be transferred in accordance with the share swap agreements that were entered into during the current half year period (refer to Note 20 for further information).
- (ii) Upon initial recognition, the Group elected to classify irrevocably its listed equity investments as equity instruments designated at fair value through OCI. Gains and losses on these financial assets are never recycled to profit and loss.

16. Property, plant and equipment

As at \$'000	31 Dec 2022	30 June 2022
Balance at beginning of period	421	219
Additions ⁽ⁱ⁾	14,356	390
Depreciation	(158)	(188)
Balance at end of period	14,619	421

- (i) On 14 September 2022, Strike acquired 3,500 hectares of freehold farming land in the Three Springs Shire to house the Mid West Low Carbon Manufacturing Precinct ('the Precinct') for \$14.2 million.

17. Trade and other payables

As at \$'000	31 Dec 2022	30 June 2022
Current		
Trade payables	2,122	3,402
Accruals and other payables ⁽ⁱ⁾	1,716	4,970
	3,838	8,372
Non-Current		
Accruals and other payables ⁽ⁱ⁾	-	950
	-	950

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

- (i) A \$950,000 management fee under the AGIG early works agreement is payable by the Company through the future tariff should the development of West Erregulla occur or become due and payable by the Company if the early works agreement expires or is cancelled. As at 31 December 2022, the fee was reclassified as a current liability upon the expiry of the agreement.

18. Provisions

As at \$'000	31 Dec 2022	30 June 2022
Current		
Restoration Provision ⁽ⁱ⁾	2,326	1,752
Provision for onerous contracts ⁽ⁱⁱ⁾	175	-
	2,501	1,752
Non-Current		
Restoration Provision ⁽ⁱ⁾	4,323	5,153
	4,323	5,153

- (i) The estimated future obligations include the costs of removing facilities, abandoning wells, and restoring the affected areas and is the best estimate of the present value of the future expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements.
- (ii) In December 2022, the Group entered into a new office lease agreement. In accordance with accounting standards, an onerous lease provision for the costs of fulfilling the existing contract were recognised for the existing office lease (refer to Note 6).

19. Borrowings

As at \$'000	31 Dec 2022	30 June 2022
Macquarie facility – principal ⁽ⁱ⁾	26,250	20,700
Macquarie facility – interest payable	299	182
Macquarie facility – capitalised debt costs ⁽ⁱ⁾	(3,409)	(2,591)
Rabobank facility ⁽ⁱⁱ⁾	6,000	-
Total borrowings	29,140	18,291
Total borrowings (current)	23,140	-
Total borrowings (non-current)	6,000	18,291

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

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

As at 31 December 2022, the Group had fully drawn down on Tranche B1 and Tranche B2 at \$9.39 million and \$0.61 million respectively. Tranche C was partly drawn down with \$3.25 million. Tranche A was fully drawn in prior periods.

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

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For the half-year period ended 31 December 2022

\$'000	Tranche A	Tranche B1	Tranche B2	Tranche C1	Tranche C2
Facility limit	13,000	9,390	610	3,500	6,500 ⁽¹⁾
Amount drawn at 31 December 2022	13,000	9,390	610	3,250	-
Amount undrawn at 31 December 2022	-	-	-	250	6,500
Maturity date	10 November 2023	10 November 2023	10 November 2023	10 November 2023	10 November 2023
Interest rate	11% + bank bill swap rate	11% + bank bill swap rate	11% + bank bill swap rate	11% + bank bill swap rate	11% + bank bill swap rate
Options issued to lender to subscribe for Strike ordinary shares	35,000,000 options at an exercise price of 29 cents	20,700,000 options at an exercise price of 34 cents		20,700,000 options at an exercise price of 31.7 cents ⁽²⁾	
Options expiry date	13 May 2023	22 December 2024		22 December 2024	
Establishment cost ⁽³⁾	4,800	1,692		1,506	
Establishment cost amortised balance as at 30 June 2022	913	1,678		-	
Establishment cost amortised balance as at 31 December 2022	576	1,050		1,137	
Security	The loan facility is secured over the shares in and assets of Strike West Pty Ltd, including its interest in EP469, and by guarantees from Strike West Pty Ltd's holding entities.	The loan facility is secured over the shares in and assets of Strike West Pty Ltd and Strike South West Pty Ltd, including its interest in EP469 and EP447, and by guarantees from Strike West Pty Ltd's holding entities		The loan facility is secured over the shares in and assets of Strike South West Pty Ltd, including its interest in EP447, and by guarantees from its holding entities	
Use of funds	The proceeds from the loan are to be used for appraisal drilling and long lead items for the development of the West Erregulla Phase 1 Project.	To support and fund the re-entry of the West Erregulla-3 well and the drilling and testing of the West Erregulla-5 well	To support and fund the drilling and testing of the Walyering-6 well.	To fund the development of the Walyering gas field.	
Effective interest rate ⁽⁴⁾	26%	26%		29%	

- (1) Tranche C2 was not available for drawdown at 31 December 2022. However, Tranche C2 was available for drawdown at the date of this report being released upon the EP447 JV being granted the production licence in January 2023.
- (2) As part of the terms of Tranche C, Strike issued 20.7 million options to Macquarie to subscribe to ordinary shares in Strike at \$0.317 per share.
- (3) Total establishment costs of the facilities for Tranches A, B and C relating to the options issued amounted to \$8 million and was amortised to \$2.8 million.
- (4) Fees related to the debt facility, including non-cash costs such as the fair value of the issued options, were included in the calculation of the effective interest rate.

On 19th December 2022, Strike announced it had agreed on a financing package with Macquarie Bank Limited which included the refinancing of Tranches A, B and C, as well as a \$40 million committed facility for South Erregulla appraisal (Facility D) and an \$80 million uncommitted facility for a proposed Erregulla development. The committed portion of the financing package is subject to execution of definitive facility documentation by 28 February 2023 (or such later date as the parties may agree).

- (ii) During the half year, Strike secured a \$6 million agricultural finance facility from Rabobank Australia Limited to support the acquisition of the property detailed in Note 16. The facility expires on 31 August 2025 and bears interest at variable rates (3.25% + bank bill swap rate). The facility is secured over the property and charged over a term deposit.

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

20. Other liabilities

As at \$'000	31 Dec 2022	30 June 2022
(a) Other financial liabilities		
Derivative financial liability ⁽ⁱ⁾	587	-
	587	-
(b) Other liabilities		
Unearned revenue – gas prepayment agreements ⁽ⁱⁱ⁾	4,436	5,000
Government grants ⁽ⁱⁱⁱ⁾	1,389	1,485
	5,825	6,485

- (i) During the half year, Strike recognised a derivative financial liability and corresponding loss for the difference in the fair value of the share price between Strike Energy Limited and Warrego Energy Limited for 117,372,887 Warrego shares yet to be transferred in accordance with the share swap agreements that were entered into during the current half year period (refer to Note 15 for further information).
- (ii) Unearned revenue represents amounts received under the terms of the gas prepayment and option agreement pertaining to the future delivery of gas from the West Erregulla Project, which is conditional on FID. Unearned revenue will be released to the profit or loss on a systematic basis when production begins, or when agreements become non-refundable in line with the underlying contracts. The unearned revenue obligation was measured at its present value at 31 December 2022.
- (iii) In accordance with AASB120, Strike capitalises grants received as deferred income at initial recognition and will subsequently deduct eligible costs from the liability account to offset the related expenditure originally incurred. Strike had received a total of \$1.84 million in government grants for Project Haber and South Erregulla as part of the Supply Chain Resilience Initiative and Exploration Incentive Scheme (EIS) respectively (\$1.8 million received in FY22 and \$0.04 million received in FY23). As at 31 December 2022, Strike had deducted \$0.1 million eligible expenditure (30 June 2022: \$0.3 million) with \$1.4 million remaining as capitalised government grants.

21. Issued capital

For the period ended	Number of shares (No'000)		Issued capital (\$'000)	
	31 Dec 2022	30 June 2022	31 Dec 2022	30 June 2022
Balance at beginning of period	2,037,696	2,016,116	301,339	297,960
Placements during the period, net of transaction costs	154,428	21,580	31,883	3,379
SPA transaction for Warrego share transfers ⁽ⁱ⁾	31,804	-	10,177	-
Balance at end of period	2,223,928	2,037,696	343,399	301,339

- (i) During the half year, 31.8 million Warrego shares valued at \$9.8 million (refer to Note 15) were exchanged for the issue of 31.8 million Strike shares. At the date of transfer, the fair value of the Strike shares was \$10.2 million. The difference in the fair value of \$0.3 million was recognised as a loss (refer to Note 6).

All issued ordinary shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regards to the Group's residual assets in the event of a wind-up.

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

22. Reserves

As at \$'000	31 Dec 2022	30 June 2022
Share-based payments reserve	19,520	16,012
Investment revaluation reserve	4,865	(12,176)
	24,385	3,836

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 24 November 2022, both share options and performance rights can be granted to eligible employees for no consideration. Awards are granted up to a three-year period with vesting conditions attached. Entitlements under these awards vest as soon as the associated vesting conditions have been met. Awards cannot be settled in cash. Awards under the plan carry no dividend or voting rights.

Change in instruments on issue

For the half-year period ended 31 December 2022	Number of instruments ('000)
Balance at beginning of period	
- Options	79,608,920
Options granted during the period	48,700,000
Options exercised/forfeited during the period	(23,908,920)
Balance at end of period	104,400,000
- Performance rights	27,882,892
Performance rights granted during the period	5,499,377
Performance rights exercised/forfeited during the period	(17,244,719)
Balance at end of period	16,137,550

Instruments outstanding

The balance of share options and performance rights on issue as at 31 December 2022 is as follows:

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Weighted average fair value at grant date
Options	13 Nov 2020	13 May 2023	\$0.290	35,000,000	\$0.136
Options	23 Jun 2022	22 Dec 2024	\$0.340	20,700,000	\$0.082
Options	23 Sep 2022	22 Dec 2024	\$0.317	20,700,000	\$0.073
Options	24 Nov 2022	24 Nov 2025	\$0.400	28,000,000	\$0.087
Total Options				104,400,000	
Performance rights	17 May 2018	N/A	Nil	2,500,000	\$0.076
Performance rights	01 Jul 2020	30 Sep 2023	Nil	1,438,512	\$0.129
Performance rights	01 Dec 2020	30 Sep 2021	Nil	2,671,580	\$0.205
Performance rights	15 Nov 2021	30 Sep 2024	Nil	4,028,081	\$0.075
Performance rights	5 Sep 2022	30 Sep 2025	Nil	3,011,111	\$0.137
Performance rights	24 Nov 2022	30 Sep 2025	Nil	2,488,266	\$0.132
Total Performance Rights				16,137,550	

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

Dividends

No dividends have been declared or paid during the period.

23. Earnings per share

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

As at/for the half-year period ended	31 Dec 2022	31 Dec 2021
Net profit / (loss) attributed to ordinary shareholders (in \$'000)	(9,395)	(7,408)
Earnings used in calculating basic and diluted earnings per share (in \$'000)	(9,395)	(7,408)
Number of shares (No '000)	2,223,928	2,025,105
Weighted average number of ordinary shares used in calculating basic earnings per share (No '000)	2,134,905	2,023,228
Diluted earnings per share:		
The weighted average number of ordinary shares used in calculating diluted earnings per share (No '000)	2,134,905	2,023,228
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 (No '000)	104,400	71,500
Basic earnings per share (cents per share)	(0.44)	(0.37)
Diluted earnings per share (cents per share)	(0.44)	(0.37)

24. Fair value of financial instruments

The fair value representing the mark-to-market of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in an orderly transaction between market participants.

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

Fair values are categorised levels 1 to 3 based on the degree to which the fair value is observable.

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

25. Contingencies and commitments

Litigation and legal proceedings

As at 31 December 2022, Strike is not subject to contingencies arising from litigations and legal proceedings.

Notes to the Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2022

Lease commitments

Strike currently holds an office lease in Perth which expires 31 December 2023. In December 2022, the Group entered into a new office lease agreement in Perth expected to commence on 1 March 2023 for a 7-year term with an annual rent of \$418,285 (exclusive of GST).

26. Subsequent events

Subsequent to 31 December 2022, Strike:

- completed the acquisition of 149,177,008 shares in Warrego pursuant to the Share Purchase Agreements entered into with various shareholders of Warrego in December 2023, in consideration for which Strike issued 149,177,008 fully paid ordinary shares in Strike; and
- acquired 134,551,147 shares in Warrego for scrip consideration of 134,551,147 fully paid ordinary shares in Strike pursuant to the off-market takeover bid made by Strike for all the ordinary shares in Warrego Energy that Strike did not already own.

Further to the above, in February 2023, Strike formally accepted Hancock's off-market takeover offer of Warrego for \$0.36 cash consideration per Warrego share in respect of the 377,040,765 Warrego shares held by Strike for a total cash consideration of ~\$136 million.

In January 2023, the EP447 Joint Venture was granted its production licence. As a result, Tranche C2 of the \$10 million Macquarie debt facility for the Walyering development was available for drawdown (refer to note 19 in the Notes to the Condensed Consolidated Financial Statements for further information).

After the half year period, Macquarie Bank Limited exercised the 35,000,000 million options to subscribe for 35,000,000 fully paid ordinary shares in Strike at \$0.29 per share granted to Macquarie Bank as part consideration for the provision of the Tranche A debt facility.

With the exception of the above which are detailed in Note 26, there have been no other events subsequent to 31 December 2022 that would require adjustment to or disclosure in the condensed consolidated financial statements.

CORPORATE DIRECTORY**Directors**

John Poynton AO (Chairman)
Stephen Bizzell (Non-Executive Director)
Mary Hackett (Non-Executive Director)
Stuart Nicholls (Managing Director)
Neville Power (Non-Executive Director)
Andrew Seaton (Non-Executive Director)

Company Secretary

Justin Ferravant

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Stock Exchange Listing

Australian Securities Exchange – Code STX