ASX Announcement

Strike Energy Limited ABN 59 078 012 745 9 March 2010

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

HALF YEAR RESULTS

Solid performance in challenging environment

Strike Energy ("Strike" or "Company") is pleased to announce that it has emerged in strong financial shape from a challenging period marked by low US gas prices, leaving the Company well placed to capitalise on its growing production and aggressive exploration program.

After reducing production in response to low US gas prices, Strike recorded a $364,000 net profit for the six months to December 31, 2009. It posted EBITDAX of $3.1 million and had cash of $13.1 million at the end of the period. Following a recovery in gas prices, production returned to full strength in November at the 10 US wells in which Strike has an interest.

Production at the end of the December was approximately 700 barrels of oil equivalent per day, generating monthly gross revenues of approximately $1.3 million.

Since the end of the period, Strike announced it had made a significant gas discovery at the Gardner Duncan 1 well in Texas. The well is being tied into production facilities and a sales contract is being negotiated.

Strike also has an intensive exploration program planned, with up to 10 wells scheduled for its US interests and drilling set to start in Australia's Southern Cooper Basin to test for coal seam gas.

"Strike has growing production, an aggressive exploration program in both the US and Australia and a strong balance sheet and cashflow," Managing Director Simon Ashton said.

"This combination leaves the Company well placed to expand returns for shareholders and in turn create further opportunities."

OUR STRENGTHS

- High margin producer
- Multiple large scale growth options
- Experienced team
- Long term track record of success

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Background on Strike Energy

Strike is an active ASX-listed oil and gas exploration and development company with high-margin production from its proven reserves and substantial growth potential from its highly prospective exploration acreage in Australia and the USA.

In the USA, the Company currently produces approximately 700 barrels of oil equivalent per day from its interest in two fields in Texas and is undertaking an ongoing exploration program to expand this successful position.

In Australia, the Company holds an extensive strategic ground position in the Southern Cooper Basin, for coal seam gas and conventional prospects and in the Carnarvon Basin for shallow water oil and gas prospects.

Yours faithfully

SIMON ASHTON
Managing Director

Further information:

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Strike Energy Limited

ACN 078 012 745

Financial report for the half-year ended 31 December 2009

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Directors' report

The directors of Strike Energy Limited submit herewith the financial report of Strike Energy Limited and its subsidiaries ("Group") for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Name

- Mr J W Schneider
- Mr S M Ashton
- Mr D C Wrench
- Mr T M Clifton

The above named directors held office during and since the end of the half-year.

REVIEW OF OPERATIONS

Strike Energy Limited ("Strike" or "Company") completed an active half year to 31 December 2009, and has commenced 2010 with exciting exploration programmes on multiple fronts, both in Australia and USA.

USA Business – Continued high margin production; exploration drilling commenced

Strike ended the half year at full production from its interests in ten producing wells comprising the Mesquite and Rayburn projects. This follows production cut backs during September and October to permit routine maintenance and preserve gas reserves during a time of low gas prices.

Production at the end of the December was approximately 700 barrels of oil equivalent per day generating monthly gross revenues of approximately $1.3 million (Strike WI).

Strike has commenced a new onshore Gulf Coast exploration program on two fronts.

In Texas, drilling of the Gardner Duncan 1 well was completed on a new Eaglewood Joint Venture prospect that lies on trend with the Rayburn and Mesquite producing fields. Gas pay zones have been iterpreted based on mud and wireline logging results in the primary objective. The results are in line with predrill expectations and the well is being tied into production facilities, and a gas sales contract negotiated, in preparation for testing.

In Louisiana, Strike is participating in a new exploration joint venture, the Bateman Lake Joint Venture, with Texana Resources. In January the joint venture drilled the Driskill Land Co 1 well. Interpretation of data including the wireline logs indicated that no commercial hydrocarbons were intersected and the well is to be plugged and abandoned.

Overall, up to ten exploration wells are planned by the two joint ventures for 2010.

Australian Coal Seam Gas – Drilling to commence

Strike is set to commence drilling in the Southern Cooper Basin permit PEL 96 located in South Australia, to test the coal seam gas (CSG) prospectivity of the prospect.

Strike holds a 66.7% interest in and is operator of the prospect, which features extensive thick coal seams and close proximity to Epic Energy's "open access" Moomba-to-Adelaide gas pipeline, providing direct access to the South Australian gas market as well as the broader eastern Australian market.

An independent technical review by CSG specialists MBA Petroleum Consultants of Brisbane previously confirmed a Prospective Resource of 7,000 to 19,000 Petajoules of gas-in-place (Strike's WI: 5,000 to 12,000 Petajoules) at the prospect.

The prospect also holds potential for underground coal gasification (UCG). Studies of the UCG potential are being undertaken and additional information gained by the CSG drilling program will assist in the assessment.

Heavy rains in Queensland and South Australia have delayed arrival of the drilling equipment for a drilling program, which was previously scheduled to commence in February 2010. The likely start date for drilling is now April 2010.

Beyond the Company's PEL 96 and PELA 71 projects, Strike has increased its exposure from 10,000 sq km to 17,600 sq km in the southern region of the Cooper/Eromanga Basins by means of a successful new acreage bid and acquisition of new working interests.

Directors' report

Strike successfully bid for licence area CO 2009-D in the recent South Australian bid round and holds a 100% of the permit. In addition, the Company was successful in acquiring Magellan Petroleum Corporation's ("Magellan") non-operated working interests in PEL 94 (35%), PEL 95 (50%) and PPL 210, Aldinga Oilfield (50%).

The combination of these interests, with Strike's operating 66.7% interest in PEL 96 and 75% interest in PELA 71, gives Strike a dominant position in future oil exploration and ongoing non-conventional evaluation (primarily CSG) in the region.

The southern Cooper/Eromanga region contains conventional oil potential throughout the Strike permits as indicated by oil shows in several of the existing wells and the presence of the Aldinga Oilfield in PEL 95 and the Kobari Oilfield on the northern boundary of PEL 95. In addition, the Permian CSG potential in PEL 96 extends into PEL 94 and PEL 95 to the north.

A much shallower CSG play exists in the Tertiary and Cretaceous (Winton Formation) age sequences at depths between 200 and 600 metres in all of Strike's permits. Winton Formation coals are being evaluated by others in the vicinity of the Innaminka Dome, 200 kilometres to the north east of PEL 96. The Permian and shallower coal measures could also have UCG potential.

Philippines – New opportunity for near term production

On 16 December 2009 the Company announced it had secured an exclusive right to acquire a 80% interest in the Cadlao oilfield, located 50 kilometres offshore Palawan, Philippines. The interest is held through Service Contract 6 (Cadlao) by unlisted Australian public company Blade Petroleum Limited ("Blade").

The field was previously operated by Amoco and produced 11.1 million barrels of oil between 1981 and 1991. A more recent 3D seismic survey revealed additional structural detail including the potential for undrained oil.

Strike secured a right to acquire 100% of the issued capital of Blade in consideration for the payment of up to $20 million.

On 1 March 2010 the Company announced that following completion of its due diligence investigation it had advised Blade it would not exercise its right to acquire Blade.

The due diligence process undertaken by Strike confirmed the Cadlao oilfield as an attractive opportunity but most appropriately pursued by Strike through a conventional farm-in arrangement.

The Company will continue discussions with Blade to determine a satisfactory farm-in arrangement.

Australia – Other Large Scale Energy Potential

Activity for the Company's other Australian energy projects was limited during the half year.

Baniyas

Strike has a 40% interest in the Baniyas oil prospect located between Onslow and Thevenard Island, off the West Australian coast. The area sits adjacent to fields that have produced over 150 million barrels of oil to date.

Carnarvon Petroleum recently elected to withdraw from the project with the result that Strike's working interest in the Baniyas Joint Venture will now increase from 40% to 61.5%.

During the half year, Strike and its joint venture partners have continued negotiations to secure exploration rights over a greater portion of the Baniyas geological structure.

FuturGas

Gasification trials were successfully completed during the half year.

A revised scope of works to undertake a Preliminary Feasibility Study (PFS) for the FuturGas project based on the Company's 578 million tonne JORC compliant lignite resource near Kingston in South Australia is being prepared.

Corporate

On 4 December 2009, the Company announced the change of company name to Strike Energy Limited, following shareholder approval at the 2009 annual general meeting. The name change reflects more accurately the Company's current operations and future direction.

Oil and gas revenue for the half year was $6.7 million, on net-to-Strike gas production of 947.3 million cubic feet of gas and 19,641 barrels of oil-condensate, or 114,368 boe. The average gas price received for the half year was USD 5.28 per thousand cubic feet and the average oil price was USD 70.12 per barrel. The impact of depressed commodity prices together with the shut in of production for seven weeks had a significant effect on production revenues for the six months to 31 December 2009, as discussed above.

The Company finished the half year with cash of $13.1 million. Operating cash flows were $2.9 million.

The balance of the Company's US dollar debt facility at 31 December 2009 was $5.9 million, or USD 5.3 million. The Company continues to operate within its debt covenants and the facility balance will be repaid over the next three years.

Directors' report

JORC Compliance Statement – FuturGas Resource

The FuturGas coal resources included in this report are located at Kingston, South Australia, and have been classified and reported in accordance with the JORC code.

The JORC resource estimate is comprised of 523.5 million tonnes of Measured Resources and 54.8 million tonnes of Indicated Resources; a total of 578.3 million tonnes.

The information in this report that relates to coal resources is based on information compiled by Mr Charles Parbury, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Parbury is a senior geologist with McElroy Bryan Geological Services Pty Ltd.

Mr Parbury has sufficient experience which is relevant to the style and mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC code). This expertise has been acquired principally through exploration and evaluation assignments at operating coal mines and for coal exploration areas in Australia's major coal basins.

Mr Parbury consents to the inclusion of this statement in the report based on his information in the form and context in which it appears.

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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 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

S M Ashton
Managing Director
Perth, Western Australia

5 March 2010

Deloitte.

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The Board of Directors
Strike Energy Limited
Level 9, 40 The Esplanade
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5 March 2010

Dear Board Members

Strike Energy Limited (Previously Strike Oil 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 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

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Independent Auditor's Review Report to the Members of Strike Energy Limited (Previously Strike Oil Limited)

We have reviewed the accompanying half-year financial report of Strike Energy Limited, which comprises the statement of financial position as at 31 December 2009, and the income statement, statement of comprehensive income, the statement of cash flows and the 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 7 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Strike Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2009 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

Peter Rupp
Partner
Chartered Accountants
Perth, 5 March 2010

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

S M Ashton
Managing Director
Perth, Western Australia

5 March 2010

Condensed consolidated income statement
for the half-year ended 31 December 2009

	Note	31 Dec 2009 $'000	31 Dec 2008 $'000
Revenue from oil and gas sales		6,702	24,993
Cost of sales	**4(a)**	(2,378)	(7,299)
Gross profit		**4,324**	**17,694**
Other income	**4(b)**	1,576	1,981
Corporate expenses		(431)	(341)
Amortisation and depreciation	**4(c)**	(1,741)	(4,584)
Employment benefits expense		(1,744)	(3,009)
Exploration & evaluation expenditure	**4(d)**	(757)	(6,922)
Finance costs	**4(e)**	(220)	(612)
Impairment of other financial assets	**4(f)**	(63)	(569)
Other expenses		(580)	(852)
Profit before income tax		**364**	**2,786**
Income tax expense		-	-
Profit for the period		**364**	**2,786**
Profit for the period attributable to owners of the parent		**364**	**2,786**
Earnings per share			
- Basic (cents per share)		0.11	0.85
- Diluted (cents per share)		0.11	0.85

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

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2009

	Note	31 Dec 2009 $'000	31 Dec 2008 $'000
Profit for the period		364	2,786
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(4,196)	15,044
Gain on available-for-sale investments taken to equity		234	-
Income tax relating to components of other comprehensive income		(70)	-
Other comprehensive income for the period after tax		(4,032)	15,044
Total comprehensive income for the period		**(3,668)**	**17,830**
Total comprehensive income attributable to owners of the parent		**(3,668)**	**17,830**

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

Condensed consolidated statement of financial position
as at 31 December 2009

	Note	31 Dec 2009 $'000	30 June 2009 $'000
Current assets			
Cash and cash equivalents		13,143	13,337
Trade and other receivables		3,106	3,921
Other financial assets		1,441	1,818
Inventories		3	3
Total current assets		**17,693**	**19,079**
Non-current assets			
Trade and other receivables		-	349
Other financial assets		1,431	1,147
Exploration and evaluation expenditure	**5**	16,934	14,712
Oil and gas production assets	**6**	21,870	25,960
Property, plant and equipment		362	422
Total non-current assets		**40,597**	**42,590**
Total assets		**58,290**	**61,669**
Current liabilities			
Trade and other payables		1,986	1,570
Borrowings		2,095	2,786
Provisions		365	236
Total current liabilities		**4,446**	**4,592**
Non-current liabilities			
Borrowings		3,529	3,358
Provisions		292	325
Deferred tax liabilities		127	57
Total non-current liabilities		**3,948**	**3,740**
Total liabilities		**8,394**	**8,332**
Net assets		**49,896**	**53,337**
Equity			
Issued capital		58,894	58,894
Reserves		(2,745)	1,060
Accumulated losses		(6,253)	(6,617)
Total equity		**49,896**	**53,337**

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

Condensed consolidated statement of changes in equity for the half year ended 31 December 2009

	Issued Capital $'000	Investment-revaluation reserve $'000	Share-based payments reserve $'000	Foreign exchange translation reserve $'000	Asset revaluation reserve $'000	Total Reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 Jul 2008	**58,894**	**-**	**1,242**	**(5,231)**	**58**	**(3,931)**	**(16,841)**	**38,122**
Exchange differences arising on translation of foreign operations	-	-	-	15,044	-	15,044	-	15,044
Net income recognised directly in equity	**-**	**-**	**-**	**15,044**	**-**	**15,044**	**-**	**15,044**
Profit for the period	-	-	-	-	-	-	2,786	2,786
Total comprehensive income for the period	**-**	**-**	**-**	**15,044**	**-**	**15,044**	**2,786**	**17,830**
Recognition of share-based payments	-	-	103	-	-	103	-	103
Balance at 31 Dec 2008	**58,894**	**-**	**1,345**	**9,813**	**58**	**11,216**	**(14,055)**	**56,055**
Balance at 1 Jul 2009	**58,894**	**75**	**1,443**	**(516)**	**58**	**1,060**	**(6,617)**	**53,337**
Gain on available-for-sale assets	-	234	-	-	-	234	-	234
Deferred tax on above	-	(70)	-	-	-	(70)	-	(70)
Exchange differences arising on translation of foreign operations	-	-	-	(4,196)	-	(4,196)	-	(4,196)
Net income recognised directly in equity	**-**	**164**	**-**	**(4,196)**	**-**	**(4,032)**	**-**	**(4,032)**
Profit for the period	-	-	-	-	-	-	364	364
Total comprehensive income for the period	**-**	**164**	**-**	**(4,196)**	**-**	**(4,032)**	**364**	**(3,668)**
Recognition of share-based payments	-	-	227	-	-	227	-	227
Balance at 31 Dec 2009	**58,894**	**239**	**1,670**	**(4,712)**	**58**	**(2,745)**	**(6,253)**	**49,896**

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 2009

	31 Dec 2009 $'000	31 Dec 2008 $'000
Cash flows from operating activities		
Receipts from customers	7,562	26,673
Receipts from joint venture recoveries	271	1,902
Interest received	60	141
Payments to suppliers and employees	(4,923)	(11,540)
Interest paid	(112)	(356)
Net cash provided by operating activities	2,858	16,820
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(2,469)	(3,629)
Payments for oil and gas production assets	-	(9,441)
Payments for other financial assets	(224)	(1,443)
Payments for property, plant and equipment	(25)	(119)
Net cash used in investing activities	(2,718)	(14,632)
Cash flows from financing activities		
Proceeds from borrowings	-	3,828
Repayment of borrowings	-	(2,711)
Net cash provided by financing activities	-	1,117
Net increase in cash and cash equivalents	**140**	**3,305**
Cash and cash equivalents at the beginning of the period	**13,337**	**8,399**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(334)	2,781
Cash and cash equivalents at the end of the period	**13,143**	**14,485**

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 2009 was authorised for issue in accordance with a resolution of directors dated 3 March 2010.

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, Berlin 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 3.

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 2009 annual financial report for the financial year ended 30 June 2009, 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:

- AASB 3: *Business Combinations*
- AASB 101: *Presentation of Financial Statements*
- AASB 127: *Consolidated and Separate Financial Statements*

The adoption of these new and revised Standards and Interpretations has not resulted in changes to amounts reported in prior periods.

3. Segment information

As disclosed in the Group's 2009 annual financial report, the Group adopted AASB 8: *Operating Segments* with effect from 1 July 2008.

At 30 June 2009 the segment information reported was analysed on the basis of business activity (ie: exploration or production). During the period to 31 December 2009, the Group's management reporting has been revised to report performance by both business activity and geographical location. The reportable segments at 31 December 2009 have been aligned to this revised reporting, as follows:

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

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the current period's segment information. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Notes to the condensed consolidated financial statements

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

	Australia Exploration $'000		USA Exploration $'000		USA Production $'000		Group $'000	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Segment revenue								
Revenue from oil & gas sales	**-**	**-**	**-**	**-**	**6,702**	**24,993**	**6,702**	24,993
Cost of sales	-	-	-	-	(2,378)	(7,299)	(2,378)	(7,299)
Gross profit	**-**	**-**	**-**	**-**	**4,324**	**17,694**	**4,324**	**17,694**
Amortisation	-	-	-	-	(1,670)	(4,494)	(1,670)	(4,494)
Exploration and evaluation expenditure	(247)	(5,697)	(510)	(1,225)	-	-	(757)	(6,922)
Segment result	**(247)**	**(5,697)**	**(510)**	**(1,225)**	**2,654**	**13,200**	**1,897**	**6,278**
Other income							1,576	1,981
Corporate expenses							(431)	(341)
Depreciation							(71)	(90)
Employment benefits expense							(1,744)	(3,009)
Finance costs							(220)	(612)
Impairment of other financial assets							(63)	(569)
Other expenses							(580)	(852)
Profit before income tax							**364**	**2,786**

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.

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

	31 Dec 2009 $'000	**30 June 2009 $'000**
Segment assets		
Australia – Exploration	6,667	5,222
USA – Exploration	11,190	11,086
USA – Production	24,733	30,132
	42,590	46,440
Unallocated	15,700	15,229
Total assets	**58,290**	**61,669**

Notes to the condensed consolidated financial statements

4. Revenue and expenses

	31 Dec 2009 $'000	31 Dec 2008 $'000
(a) Cost of sales		
Production costs	511	623
Royalties and taxes	1,867	6,676
	2,378	**7,299**
(b) Other Income		
Interest income from non-related parties	57	141
Cost recoveries	1,519	1,840
	1,576	**1,981**
(c) Amortisation and depreciation		
Amortisation – oil and gas production assets	1,670	4,494
Depreciation – property, plant and equipment	71	90
	1,741	**4,584**
(d) Exploration and evaluation expenditure		
Exploration & evaluation expenditure	**757**	**6,922**
(e) Finance costs		
Interest expense	112	359
Commitment fees	-	22
Borrowing cost amortisation	108	231
	220	**612**
(f) Impairment of other financial assets		
Available-for-sale assets – Comet Ridge Limited	-	569
US natural gas price hedging instruments	63	-
	63	**569**

Notes to the condensed consolidated financial statements

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 2009.

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 2009	**9,493**	**-**	**1,708**	**2,910**	**601**	**-**	**14,712**
Foreign exchange movements	(890)	-	-	-	-	-	(890)
Additions	1,691	316	235	189	1,257	181	3,869
	1,691	316	235	189	1,257	181	3,869
Exploration and evaluation expenditure expensed – Note 4(d)	(510)	-	(122)	-	(114)	(11)	(757)
Total exploration and evaluation expenditure movement	291	316	113	189	1,143	170	2,222
Balance at 31 December 2009	**9,784**	**316**	**1,821**	**3,099**	**1,744**	**170**	**16,934**

6. Oil and gas production assets

The following table details the consolidated expenditures on oil and gas production assets by area of interest for the half-year ended 31 December 2009.

Area of Interest	Texas, USA
	$'000
Balance at 1 July 2009	**25,960**
Foreign exchange movements	(2,425)
Additions	5
Oil and gas production amortisation – Note 4(c)	(1,670)
Total oil and gas production expenditure movement	(4,090)
Balance at 31 December 2009	**21,870**

Notes to the condensed consolidated financial statements

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 2009.

9. Subsequent events

Since the end of the half year, the directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the fianncial 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

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S M Ashton (Managing Director)

D C Wrench

T M Clifton

Company Secretary

A J Brazier

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