Cue Energy Resources Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Cue Energy Resources Limited
ABN:	45 066 383 971
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	98.0%	to	44,439
Profit from ordinary activities after tax attributable to the owners of Cue Energy Resources Limited	up	226.1%	to	16,068
Profit for the year attributable to the owners of Cue Energy Resources Limited	up	226.1%	to	16,068

Dividends
There were no dividends paid, recommended or declared during the current financial year.

Profit

The profit/(loss) for the consolidated entity after providing for income tax amounted to $16.07 million (2021: loss of $12.74 million).

Financial position

The net assets of the consolidated entity increased by $18.02 million to $47.94 million for the year ended 30 June 2022 (2021: $29.92 million).

Operating results for the year

	2022 $'000	2021 $'000
Profit/(loss) before tax	21,278	(7,290)
Depreciation and amortisation	5,497	2,880
Finance costs	(259)	67
EBITDA	26,516	(4,343)
Business development expenses	773	771
Share based payments	188	179
Exploration and evaluation expenses	1,560	12,843
One off settlement expenses	-	968
EBITDAX	29,037	10,418

*EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. EBITDAX is EBITDA adjusted to exclude business development costs, exploration and evaluation expenses, share based payments and one-off legal expenses.

The Group reported a net profit after tax of $16.07 million for the year ended 30 June 2022. This was mainly attributable to a $7.83 million profit after tax on $14.92 million in revenue generated from the Mahato PSC, which went into production in the second half of FY2021 and improved performance of Maari, with a profit after tax of $5.35 million on $9.17 million in revenue for the year ended 30 June 2022 (30 June 2021: $1.77 million). Furthermore, the Amadeus Basin assets acquired on 1 October 2021 contributed $0.91 million loss after tax on $8.21 million in revenue generated.

The Group also recognised a $1.77 million deferred tax asset on carried forward tax losses it now considers it will be able to use to offset future taxable income.

Production revenue for the period was $44.44 million, an increase of $21.99 million from the previous period (30 June 2021: $22.45 million). This was mainly attributable to full year of production from the Mahato PSC, generating revenue of $14.92 million for FY2022 (FY2021: $2.42 million) and the acquisition of the Amadeus Basin business generating $8.21 million in production revenues from the date of acquisition on 1 October 2021. Production costs of $18.86 million for the year were $8.20 million higher than the previous period (30 June 2021: $10.66 million), primarily increasing in the Mahato PSC and the Amadeus Basin which incurred $3.57 million and $5.67 million in production costs, respectively. This was offset by a reduction of production costs at Maari of $0.50 million to $4.55 million due to a build-up of inventories at 30 June 2022.

Administration expenses of $3.03 million were $0.80 million lower than the corresponding period (30 June 2021: $3.83 million). This was mainly due to lower legal costs in FY2022 compared to FY2021, which included costs associated with the resolution of the Hammerhead litigation. This was offset by higher business development costs arising from due diligence, compliance and related costs associated with the acquisition of the Amadeus Basin assets in 1H FY2022.

Exploration and evaluation expenses of $1.56 million (FY2021: $12.84 million) for the period are primarily in respect of exploration works on Palm Valley deep and the lower P2 and P3 sections of the well, in the Amadeus basin. These expenses are partially offset by a credit, as a result of the reversal of accruals previously made, no longer required, for previously expected Ironbark closure costs.

Cash position

The consolidated cash and cash equivalents of the Group as at 30 June 2022 were $23.22 million, an increase of $5.58 million from $17.64 million, including restricted cash of $0.03 million, at 30 June 2021, primarily due to $12.52 million of expenditure incurred on settlement of obligations to Central Petroleum on completion of the Amadeus Basin acquisition, offset by net cash inflows from operations of $17.66 million and $6.90 million in proceeds from borrowings, net of fees, received in June 2022.

The consolidated entity has $7 million in borrowings due to New Zealand Oil and Gas Limited (NZOG), the Company's majority shareholder, at 30 June 2022.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.87	4.29

4. Control gained over entities

Control gained over businesses

On 1 October 2021, the Company, in conjunction with NZOG, the Company's majority shareholder, completed the acquisition of the Amadeus Basin business in the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia, from Central Petroleum Limited (ASX: CTP) (Central).

The Company's acquired interests are:

- 7.5% interest in the Mereenie gas and oil field (OL4 and OL5 Production Licences);
- 15% interest in the Palm Valley gas field (OL3 Production Licence); and
- 15% interest in the Dingo gas field (L7 Production Licence).

All three fields are in production and supply gas into the Eastern Australia gas market or local Northern Territory market.

The Consolidated Entity acquired the aforementioned interests for total consideration of $18.8 million, being the contractually agreed price of $20.7 million less $1.9 million in respect of agreed adjustments, refer to note 33 to the financial statements for further details. The total consideration comprised of an initial payment of $9.6 million to Central and deferred consideration, the provisional fair value of which was measured at $9.2 million at 1 October 2021. Subsequent to acquisition and prior to 30 June 2022, $2.9 million of the deferred consideration on acquisition was settled, the remaining $6.3 million balance at 30 June 2022, all being classified as a current liability.

The drilling of 2 new production wells and 4 well recompletions in the Mereenie field and the drilling of the Palm Valley-12 well during the period were included in the deferred consideration.

	$'000
Contribution of the Amadeus Basin business to the reporting entity's revenues for the period from the date of acquisition to 30 June 2022	8,211
Contribution of the Amadeus Basin business to the reporting entity's consolidated net profit from ordinary activities before tax for the period from the date of acquisition to 30 June 2022	(83)
Pro forma net profit before tax from ordinary activities of the Amadeus Basin business for the year ended 30 June 2022	2,025

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Details of associates and joint venture/operation entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

Cue Energy Resources Limited
Appendix 4E
Preliminary final report

10. Attachments

Details of attachments:

The Annual Report of Cue Energy Resources Limited for the year ended 30 June 2022 is attached.

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11. Signed

Signed ____________________________ Date: 25 August 2022

Alastair McGregor
Non-Executive Chairman

Cue Energy Resources Limited

ABN 45 066 383 971

Annual Report - 30 June 2022

Cue Energy Resources Limited
Corporate directory
30 June 2022

Directors	Alastair McGregor (Non-Executive Chairman) Andrew Jefferies (Non-Executive Director) Peter Hood AO (Non-Executive Director) Richard Malcolm (Non-Executive Director) Rod Ritchie (Non-Executive Director) Samuel Kellner (Non-Executive Director) Marco Argentieri (Non-Executive Director)
Chief Executive Officer	Matthew Boyall
Chief Financial Officer and Company Secretary	Melanie Leydin
Registered office	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia Telephone: +61 3 8610 4000 Fax: +61 3 9614 2142
Principal place of business	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia Telephone: +61 3 8610 4000 Fax: +61 3 9614 2142
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, VIC 3067 Australia Telephone: +61 3 9415 5000 Fax: +61 3 9473 2500
Auditor	KPMG Level 36, Tower Two, Collins Square 727 Collins Street Melbourne, VIC 3008 Australia
Stock exchange listing	Cue Energy Resources Limited securities are listed on the Australian Securities Exchange. (ASX code: CUE)
Website	cuenrg.com.au.

FY2022 FINANCIAL AND OPERATING REPORT

Highlights

- $44.4 million revenue, up 98% on FY2021
- $16.1 million profit after tax
- $29.0 million EBITDAX[1]
- Mahato production and revenue growth continued
- Entry into Australian gas markets with the acquisition of Amadeus Basin assets

Cue experienced substantial growth during FY22, achieving revenue of $44.4 million, 98% higher than the previous year and Cue's highest revenue since 2016. This result was driven by organic and inorganic growth and high prices in the markets in which the company participates.

Cue's projects are regionally diversified and by product, with 58% of revenue from oil with a Brent benchmark basis and 42% from gas on primarily fixed price contracts. Indonesian operations contributed $27.0 million revenue, New Zealand $9.2 million, and Australia $8.2 million.

$16.1 million profit after tax was reported, up 226% on FY21, with $29.0 million EBITDAX recorded.

Cue net sales volume for the year was 583,000 barrels of oil equivalent (boe) at an average cash cost of $23/boe, achieving a gross profit margin of $102/boe for oil and $31/boe for gas.

During the year, Cue increased its revenue producing assets to four with the acquisition of Amadeus Basin fields, Mereenie, Palm Valley and Dingo in central Australia. This acquisition was completed in October 2021 with these fields contributing $8.2 million in revenue for the year. Gas from these fields is sold into the Australian east coast market and the local Northern Territory market. The acquisition was well timed, with contract and spot gas prices on the East Coast of Australia experiencing increases in the second half of the year.

Drilling of the PV-12 well commenced in April 2022. A change in the drilling program was announced in early July 2022 and Cue has expensed $0.8 million of exploration costs associated with the decision to cease drilling to the Arumbera target. On 22 August 2022, Cue announced that the side track targeting the lower P2 and P3 reservoirs had encountered water and drilling ceased. The costs associated with this side track in total are $2.2 million, of which $1.0 million are expensed in FY 22 and the balance of $1.2 million will be expensed in FY23.

The PB oilfield in Indonesia's Mahato PSC experienced significant growth, contributing $14.9 million revenue during the year, and $7.8 million profit after tax. Production from PB field is expected to continue growing as 10 production wells are planned to be drilled during the remainder of FY2023.

The Sampang PSC in Indonesia continued to provide a strong and stable revenue stream from contracted gas sales contributing $12.1 million in revenue from the Oyong and Wortel fields. New Zealand's Maari field, where oil is sold on a Brent benchmark basis plus a premium, lifted three cargos during the year and benefited from high global oil prices, with $9.2 million revenue, an increase of 32% over the previous year.

Administration expenses of $2.2 million, excluding business development costs, remained low as Cue managed non-operated projects efficiently from offices in Melbourne and Jakarta.

On 24 June 2022, Cue executed an agreement with New Zealand Oil & Gas for a $7.0 million loan to support Cue's existing exploration and development activities and ensure sufficient working capital remains available during expected periods of high expenditure during FY23. The loan was fully drawn by the end of FY22.

[1]EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. EBITDAX is EBITDA adjusted to exclude business development costs, exploration and evaluation expenses, share based payments and one-off legal expenses.

AUSTRALIA

Onshore Northern Territory

Cue Interests
Mereenie [OL4 & OL5] 7.5%
Palm Valley [OL3] 15%
Dingo [L7] 15%
Operator: Central Petroleum Limited

Cue completed the acquisition of interests in the Mereenie, Palm Valley and Dingo fields, in the Amadeus Basin, onshore Northern Territory, on 1 October 2021. These fields produce gas which is sold into the high demand Eastern Australia gas markets and locally in the Northern Territory.

A planned development program of four recompletions and two new development wells, WM27 and WM 28, was successfully undertaken in the first half of the year in the Mereenie field.

The Palm Valley 12 (PV-12) exploration well spudded 17 April 2022 to evaluate the gas potential of the Arumbera Sandstone formation at 3,560m. Drilling experienced very challenging conditions due to fractures at this crestal location, and extremely hard rock formations. On 12 July, the JV made the decision to stop drilling, having reached a depth of 2,335m. Flow tests through the lower P2 to P4 interval of the Pacoota Sandstone demonstrated minor gas flows to surface, and based on these results, the JV decided to replace the deeper Arumbera exploration target with an evaluation of the interval via a side track at this level.

The side track was planned to extend for approximately 1,000m, targeting the lower P2 and P3 formations (P2/P3). On 22 August 2022, Cue announced that the side track had reached a measured depth of 2431m in the lower P2/P3. Water was recovered from the wellbore which was determined to be formation water. This water presence and the absence of significant gas shows during the drilling led to a decision by the JV to curtail further drilling in the P2/P3 side track.

Cue has expensed $0.8 million of exploration costs in FY22 associated with the decision to cease drilling to the Arumbera target. Furthermore, exploration costs associated with the side track targeting the lower P2 and P3 reservoirs of $1.0 million were expensed in FY22 and a further $1.2 million will be expensed in FY23.

Preparations are currently underway to prepare for side track operations into the P1 reservoir of the Pacoota formation, which is the currently producing formation at Palm Valley.

The Dingo Deep exploration well, scheduled to follow the PV-12 well, will be deferred so capital can be redeployed to invest in new near-term development to increase production capacity at Mereenie or Palm Valley. The Dingo Joint Venture will reassess the priority of the Dingo Deep prospect at a future date.

The Mereenie JV is finalising plans for up to six well recompletions and two development wells to increase gas production in the Mereenie field. Subject to JV and regulatory approvals, this development work is expected to be undertaken during FY2023.

Offshore

Exploration permits WA-409-P and WA-389-P were surrendered during the year. Cue no longer holds permits offshore Australia.

INDONESIA

Mahato PSC

Cue Interest: 12.5%
Operator: Texcal Mahato EP Ltd

Production and development continued at the PB Field, with oil production increasing from 3400 barrels of oil per day (bopd) to 5500 bopd by the start of August 2022 as new production wells were drilled and brought online. A total of 10 production wells are currently producing, including PB-17 and PB-18 which were announced in July and August 2022.

Cue's revenue for the year was $14.9 million from oil sales, an increase of more than five times the previous year's result, which included start-up of the field in January 2021. Oil sales are based on Brent benchmark price with a $1-$2/bbl discount and denominated in US Dollars. During the year, Mahato PSC entered a profit-sharing phase with the Indonesian government under the Production Sharing Contract (PSC), which results in lower net production and revenue to Cue than the initial months of production

Production wells PB-06, PB07, PB08, PB09 and PB-18 were drilled during the year, with production mainly from the Bekasap B and C reservoirs. The PB-08 well started production from the Bekasap A sand in February 2022 and was taken offline by April for conversion to a water injection well due to poor production performance.

In June 2022, Cue announced the approval of a Field Development Optimisation (FDO) plan for the PB Field by SKKMigas, the Indonesian regulator. The FDO provides approval for a total of 20 production wells in the field and three water injection wells. At the end of the year, there were nine production wells and one injection well in the field, with 11 production wells to be drilled in FY2023. The first well for the year, PB-17 commenced in early July 2022 and started production in August at a rate of 800 bopd.

Well depths in the PB field range from 5500-7200ftMD with one month drilling and completion time expected for each production well. Over the first half of FY2023, wells are expected to be drilled from the exiting well pad in the PB field. A new well pad and production facilities will be bult in the northern area of the field to produce reserves not accessible form the existing well pad. Wells are expected to be drilled from this location from H2 FY2023.

Exploration well PBE-1 in the PB field targeting a structure away from the main PB field, was drilled in July 2021, did not encounter any hydrocarbons and was plugged and abandoned in early September 2021.

Sampang PSC

Cue Interest: 15%
Operator: Medco Energi Sampang Pty Ltd

Sampang PSC fields Oyong and Wortel continued to provide strong cashflow for Cue, with $12.1 million revenue contribution and $3.3 million profit after tax.

Development planning continued on the Paus Biru gas field during the year. The field was discovered by the Paus Biru-1 exploration well and announced as a gas discovery in December 2018. The approved Plan of Development (POD) consists of a single horizontal development well with an unmanned wellhead platform (WHP), connected by a subsea pipeline to the existing WHP at the Oyong field, approximately 27km away. From the Oyong WHP, gas from Paus Biru will be transported using the existing pipeline to the Grati Onshore Production Facility, which is operated by the Sampang PSC joint venture, for processing and sale.

Front End Engineering and Development (FEED) studies were completed during the year and the Joint Venture is reviewing these.

Commercial discussions progressed with a gas buyer and the Indonesian government to define the gas price and production allocation to the buyer. These issues are substantially complete. Due to the delays in the buyer and government processes, which delayed the Final Investment Decision (FID) on the Paus Biru Development, the joint venture has requested incentives from the government make up for the economic loss caused by the delays. These incentives include a field extension proposal to allow production for a further five years after the current permit expiry in 2027. Discussions with the government are proceeding well.

The JV expects to take a final investment decision (FID) is in Q2 FY2023, with first gas production forecast for the start of 2025 at an estimated rate of 20 to 25 million cubic feet per day (mmcfd).

NEW ZEALAND

PMP 38160 (Maari)

Cue Interest: 5%
Operator: OMV New Zealand Limited

Maari continued to generate strong revenue of $9.2 million though the year, an increase of $2.2 million over the previous year.

The MR6a production well, which was shut in May 2021 due to sand production, was offline during the period, with an estimated loss of 1000bopd production. Temporary de-sanding equipment was installed and tested on the Well Head Platform during Q4 FY2022. Although the equipment performed well, the process was not successful in producing hydrocarbons from the well and the equipment has been removed. The operator is preparing plans to enter the well and plug off the damaged section to enable oil production from part of the existing wellbore, which is expected to be completed in H1 FY2023.

Workovers to replace Electric Submersible Pumps (ESP) on MR8 and MN1 production wells were undertaken during the year and subsequent to the year end. Finalisation of the MN1 repairs are ongoing.

During the year, the New Zealand Government passed the Crown Minerals (Decommissioning and Other Matters) Amendment Bill which, amongst other things, changes the decommissioning obligations of Permit holders. Cue is reviewing the new requirements and the associated regulations, which are yet to be finalised, and has provided feedback to the government.

Regulatory approval processes for Jadestone Energy to acquire 69% operated working interest in Maari from OMV, which was announced in 2019 are continuing.

Cue Energy Resources Limited
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cue Energy Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors
The names of Directors of the Company in office during the year and up to the date of this report were:

Alastair McGregor
Andrew Jefferies
Peter Hood AO
Richard Malcolm
Rod Ritchie
Samuel Kellner
Marco Argentieri

Chief Executive Officer
Matthew Boyall

Chief Financial Officer and Company Secretary
Melanie Leydin

Principal activities
The principal activities of the group are petroleum exploration, development and production.

Corporate governance statement
Details of the Company's corporate governance practices are included in the Corporate Governance Statement set out on the Company's website at: https://www.cuenrg.com.au/site/About-Us/corporate-directory.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Financial performance
Production revenue for the period was $44.44 million, an increase of $21.99 million from the previous period (30 June 2021: $22.45 million). This was mainly attributable to full year of production from the Mahato PSC, generating revenue of $14.92 million for FY2022 (FY2021: $2.42 million) and the acquisition of the Amadeus Basin business generating $8.21 million in production revenues from the date of acquisition on 1 October 2021. Production costs of $18.86 million for the year were $8.20 million higher than the previous period (30 June 2021: $10.66 million), primarily increasing in the Mahato PSC and the Amadeus Basin which incurred $3.57 million and $5.67 million in production costs, respectively. This was offset by a reduction of production costs at Maari of $0.50 million to $4.55 million due to a build-up of inventories at 30 June 2022.

The net assets of the consolidated entity increased by $18.02 million to $47.94 million for the year ended 30 June 2022 (2021: $29.92 million).

Working capital, being current assets less current liabilities, was $17.72 million (30 June 2021: $20.06 million)

The consolidated cash and cash equivalents of the Group as at 30 June 2022 were $23.22 million, an increase of $5.58 million from $17.64 million, including restricted cash of $0.03 million, at 30 June 2021, primarily due to $12.52 million of expenditure incurred on settlement of obligations to Central Petroleum on completion of the Amadeus Basin acquisition, offset by net cash inflows from operations of $18.63 million and $6.90 million in proceeds from borrowings received in June 2022.

The consolidated entity has $7.0 million in borrowings due to New Zealand Oil and Gas (NZOG) Limited, the Company’s majority shareholder, at 30 June 2022.

Refer to the Operations and Financial Review preceding this Director’s Report for further details.

Significant changes in the state of affairs
On 23 July 2021, the Consolidated Entity issued 4,599,003 options over fully paid ordinary shares for an exercise price of $0.078 (7.8 cents) per fully paid ordinary share, with an expiry date of 22 July 2026.

On 1 October 2021, the Consolidated Entity, in conjunction with NZOG, the Company's majority shareholder, completed the acquisition of interests in the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia, from Central Petroleum Limited (ASX: CTP) (Central).

The Consolidated entity's acquired interests are:
- 7.5% interest in the Mereenie gas and oil field (OL4 and OL5 Production Licences)
- 15% interest in the Palm Valley gas field (OL3 Production Licence)
- 15% interest in the Dingo gas field (L7 Production Licence).

All three fields are in production and supply gas into the Eastern Australia gas market or local Northern Territory market. As of 30 June 2022, Cue reported 4.1 million barrels of oil equivalent (mmboe) 2P reserves in the fields.

The Consolidated Entity acquired the aforementioned interests for total consideration of $18.8 million, being the contractually agreed price of $20.7 million less $1.9 million in respect of agreed adjustments, refer to note 33 to the financial statements for further details. The total consideration comprised of an initial payment of $9.6 million to Central and deferred consideration, the provisional fair value of which was measured at $9.2 million at 1 October 2021.

On 24 June 2022, the Consolidated Entity entered into a $7 million unsecured loan with NZOG, accruing interest at 10% per annum, in accordance with which it drew down $6.90 million, net of loan establishment costs, in June 2022. This agreement was executed in order to support the Consolidated Entity's existing exploration and development activities and ensure sufficient working capital remains available during expected periods of high expenditure in the near future. NZOG is a related party, holding 50.04% of shares in the Consolidated Entity.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

In July 2022, the Operator, Central Petroleum, and its Palm Valley and Dingo Joint Venture partners NZOG and the Consolidated Entity, announced that the drilling program at Palm Valley and Dingo would be revised to defer the Dingo well and evaluate the lower P2/P3 unit of the Pacoota Sandstone formation (P2/P3) instead of the Deep exploration target at Palm Valley to prioritise near term production into a very strong East Coast gas market.

On 22 August 2022, the Palm Valley Joint Venture announced the decision to curtail further drilling in the lower P2 and P3 side track. This was due to the combination of the presence of formation water and no significant gas shows. Total exploration costs of $2.2 million have been incurred in respect of this section of the well. In accordance with the Group's accounting policy $1.0 million was expensed in the year ended 30 June 2022, the remainder will be expensed in the 2023 financial year.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The following activities may affect the expected results of operations:

- Results from the drilling on the Palm Valley 12 well (PV-12) in the Amadeus Basin and any subsequent drilling;
- Progress on Paus Biru and the Final Investment Decision;
- Further development drilling in the Mahato PSC;
- Changes in New Zealand legislation and the impact it may have on the scope and funding of the Maari field's decommissioning obligations;
- Potential changes in the Maari partnership and the potential this has for a change in the strategic development of the Maari field;
- The short and medium term impact of the Ukrainian conflict on the global energy markets; and
- Actively seeking to acquire new production opportunities.

The Coronavirus/Covid-19 global pandemic presents strategic, operational and commercial uncertainties for the Company. There are increased uncertainties around the duration, scale and impact of the Coronavirus/Covid-19 outbreak. its impact on global supply chains and challenges in the labour markets. As countries emerge from the effects of the pandemic, there is a significant uncertainty as to the continued government support and longer-term impact of the pandemic on the global economy.

The Russian-Ukrainian conflict also continues to develop, the result of which have had significant global macro-economic impacts, including energy prices. Related impacts include volatility in commodity prices and currencies, supply-chain and travel disruptions, disruption in banking systems and capital markets, increased costs and expenditures and cyberattacks.

The Board and management team continue to assess the potential impacts on the business, however given the continued uncertainties the future financial impact, if any, cannot be determined.

Environmental regulation

Within the last year there have been zero incidents, zero lost time injuries and zero significant spills within Cue Energy Resources Limited. Among the joint operations there have been a number of minor incidents that have been reported and investigated by all the relevant parties. Cue Energy Resources Limited continues to monitor the progress of reported incidents and work with the joint operation partners and operators to improve overall health and safety and minimise any impact on the environment.

Information on directors

Name:	Alastair McGregor
Title:	Non-Executive Chairman
Qualifications:	BEng, MSc
Experience and expertise:	Mr McGregor has been actively involved in the oil and gas sector since 2003. He is currently chief executive of O.G. Energy, which holds Ofer Global's broader energy interests, and Oil & Gas Limited, a company that holds directly or indirectly oil & gas exploration and production interests onshore and offshore. He leads the O.G. Energy Senior Management Committee, driving the strategy for Ofer Global's energy activities. Mr McGregor is also a director of NZOG. In addition, Mr McGregor is chief executive of Omni Offshore Terminals Limited, a leading provider of floating, production, storage and offloading (FSO and FPSO) solutions to the offshore oil and gas industry. Omni's operations have spanned the globe from New Zealand, Australia, Southeast Asia, Middle East and South America. Prior to entering the oil and gas industry Mr McGregor spent 12 years as a banker with Citigroup and Salomon Smith Barney. Mr McGregor holds a BEng from Imperial College, London and an MSc from Cranfield University in the UK.
Other current directorships:	NZOG
Former directorships (last 3 years):	None
Special responsibilities:	Member, Remuneration and Nomination Committee
Interests in shares:	None
Interests in options:	None

Name:	Andrew Jefferies
Title:	Non-Executive Director
Qualifications:	BE Hons (Mechanical), MBA, MSc in petroleum engineering, GAICD, Certified Petroleum Engineer
Experience and expertise:	Mr Jefferies is managing director of NZOG. He started his career with Shell in Australia after graduating with a BE Hons (Mechanical) from the University of Sydney in 1991, an MBA in technology management from Deakin University in Australia, and an MSc in petroleum engineering from Heriot - Watt University in Scotland. Mr Jefferies is also a graduate of the Australian Institute of Company Directors (GAICD), and a Certified Petroleum Engineer with the Society of Petroleum Engineers. He has worked in oil and gas in Australia, Germany, the United Kingdom, Thailand and Holland.
Other current directorships:	NZOG Offshore Limited NZOG
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk Committee Member, Remuneration and Nomination Committee Member, Operational Risk and Sustainability Committee Member, Commercial Committee
Interests in shares:	8,000 fully paid ordinary shares
Interests in options:	None

Name:	Peter Hood AO
Title:	Non-Executive Director
Experience and expertise:	Mr Hood is a professional chemical engineer with 50 years' experience in the development of projects in the resources and chemical industries. He began his career with WMC Ltd and then was chief executive officer of Coogee Chemicals Pty Ltd and Coogee Resources Ltd from 1998 to 2009. He is a graduate of the Harvard Business School Advanced Management Programme and is currently Chairman of Matrix Composites and Engineering Ltd and a Non-Executive Director of GR Engineering Ltd and a Non-Executive Director of De Grey Mining Ltd. He has been Vice-Chairman of the Australian Petroleum Production and Exploration Association Limited (APPEA), Chairman of the APPEA Health Safety and Operations Committee, and is a past President of the Western Australian and Australian Chambers of Commerce and Industry.
Other current directorships:	De Grey Mining Ltd GR Engineering Ltd Matrix Composites and Engineering Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk Committee Member, Commercial Committee
Interests in shares:	80,000 fully paid ordinary shares
Interests in options:	None

Name:	Richard Malcolm
Title:	Non-Executive Director
Experience and expertise:	Mr Malcolm is a professional geoscientist with over 40 years of varied oil and gas experience within seven international markets including Australia/NZ/PNG, UK North Sea/West of Shetlands, Gulf of Mexico and the Middle East/ North Africa. His latter roles from 2006 to 2013 included Managing Director of OMV UK and Managing Director of Gulfsands Petroleum, an AIM listed exploration and production company with operations in Syria, Tunisia, Morocco, USA and Colombia. He is currently a Non-executive Director of Larus Energy Limited.
Other current directorships:	Larus Energy Limited
Former directorships (last 3 years):	Puravida Energy NL
Special responsibilities:	Chairman, Remuneration and Nomination Committee Member, Operational Risk and Sustainability Committee
Interests in shares:	300,000
Interests in options:	None

Name:	Rod Ritchie
Title:	Non-Executive Director
Qualifications:	B.Sc
Experience and expertise:	Mr Ritchie is a director of NZOG. Mr Ritchie joined NZOG's board in 2013. He began his career as a petroleum engineer with Schlumberger for 28 Years and then joined OMV where he worked for a further 12 years. Mr Ritchie has over 40 years of global experience in leadership roles and as a Health, Safety, Environmental and Security (HSSE) executive in the Oil and Gas industry, including being the corporate Senior Vice President of HSSE and Sustainability at OMV based in Vienna, Austria. He has also worked closely with the International Association of Oil and Gas produces (IOGP) to create Industry best practice standards for the Oil and Gas Industry. He is also an active leadership and cultural change consultant, and an author on the subject of Safety Leadership and several Society of Petroleum Engineers papers on the subject of HSSE and safety Leadership.
Other current directorships:	NZOG
Former directorships (last 3 years):	None
Special responsibilities:	Member, Remuneration and Nomination Committee Chair, Operational Risk and Sustainability Committee
Interests in shares:	None
Interests in options:	None

Name:	Samuel Kellner
Title:	Non-Executive Director
Qualifications:	BA, MBA
Experience and expertise:	Mr Kellner has held a variety of senior executive positions with Ofer Global since joining the group in 1980. He has been deeply involved in all Ofer Global's business lines, with a particular emphasis on offshore oil and gas, shipping and real estate, and has advised Ofer Global companies on investments with a variety of investment managers, hedge funds and private equity funds. Most recently, Mr Kellner served as President of Global Holdings Management Group (US) Inc. where he led North American real estate acquisition, development and financing activities. Mr Kellner serves as a director of O.G. Energy, O.G. Oil & Gas and NZOG, where he is Chairman of the Board of Directors. As a member of the O.G. Energy Senior Management Committee, he helps drive strategy for Ofer Global's energy activities. He is also an Executive Director of the main holding companies for the Zodiac Maritime Limited shipping group and Omni Offshore Terminals Limited, a leading provider of floating, production, storage and offloading (FSO and FPSO) solutions to the offshore oil and gas industry. Mr Kellner graduated with a BA degree from Hebrew University in Jerusalem. He has an MBA from the University of Toronto and taught at the University of Toronto while working toward a PhD in Applied Economics.
Other current directorships:	O.G. Energy Holdings Ltd. O.G. Oil & Gas Limited NZOG
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk Committee
Interests in shares:	None
Interests in options:	None

Name:	Mr Marco Argentieri
Title:	Non-Executive Director
Experience and expertise:	Mr Argentieri is a Director of NZOG, Senior Vice President and General Counsel for O.G. Energy, and a member of the Board of Directors of both O.G. Energy and O.G. Oil & Gas. Prior to O.G. Energy, Mr Argentieri worked extensively in finance, offshore oil services and shipping. Mr Argentieri started his career as an attorney at the New York offices of Skadden, Arps, Slate, Meagher & Flom LLP and Latham & Watkins LLP. He holds a B.A. from the University of Rochester, a J.D. from New York University and an MBA from Columbia University.
Other current directorships:	NZOG
Former directorships (last 3 years):	None
Special responsibilities:	Chair, Audit and Risk Committee Member, Commercial Committee
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ms Melanie Leydin, BBus (Acc. Corp Law) CA FGIA

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021, Vistra acquired Leydin Freyer and, Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of expert advisory and administrative support to Fund, Corporate, Capital Market and Private Wealth clients.

Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Meetings of directors

	Full Board Attended	Full Board Held	Remuneration and Nomination Committee Attended	Remuneration and Nomination Committee Held	Audit and Risk Committee Attended	Audit and Risk Committee Held	Operational Risk and Sustainability Committee Attended	Operational Risk and Sustainability Committee Held
Alastair McGregor	4	4	1	1	-	-	-	-
Andrew Jefferies	4	4	1	1	2	2	4	4
Peter Hood	4	4	-	-	2	2	-	-
Richard Malcolm	4	4	1	1	-	-	4	4
Rod Ritchie	4	4	1	1	-	-	4	4
Samuel Kellner	4	4	-	-	2	2	-	-
Marco Argentieri	4	4	-	-	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The Board formed a Commercial Committee on 28 October 2021 consisting of Non-Executive Directors being Peter Hood, Marco Argentieri and Andrew Jefferies to delegate aspects of commercial decision making to the Committee. The responsibilities of the Committee include working with and through the management team to progress commercial opportunities to a state that they can be brought for final investment decision to the full Board. The Commercial Committee further has authority to approve contractual matters and Petroleum Sales.

Remuneration report (audited)

This Remuneration Report which has been audited, and which forms part of the Directors' Report, sets out information about the remuneration of Cue Energy Resources Limited's Directors and its senior management for the financial year ended 30 June 2022, in accordance with the Corporations Act 2001 and its regulations.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The prescribed details for each person covered by this report are detailed below under the following headings:

(A) Director and executive details

(B) Remuneration policy

(C) Details of remuneration

(D) Equity based remuneration

(E) Relationship between remuneration policy and company performance

(A) Director and executive details

The following persons acted as Directors of the company during or since the end of the financial year:

- Alastair McGregor (Non-Executive Chairman)
- Andrew Jefferies (Non-Executive Director)
- Peter Hood (Non-Executive Director)
- Richard Malcolm (Non-Executive Director)
- Rod Ritchie (Non-Executive Director)
- Samuel Kellner (Non-Executive Director)
- Marco Argentieri (Non-Executive Director)

Unless otherwise stated the persons named above held their current position for the whole of the financial year and since the end of the financial year.

The term “Executive” is used in this Remuneration Report to refer to the following persons:

- Matthew Boyall (Chief Executive Officer)

(B) Remuneration policy

The Board’s policy for remuneration of Executives and Directors is detailed below.

Remuneration packages are set at levels that are intended to attract and retain high calibre directors and employees and align the interest of the Directors and Executives with those of the company’s shareholders. The Remuneration policy is established and implemented solely by the Board.

Remuneration and other terms and conditions of employment are reviewed annually by the Board having regard to performance and relevant employment market information. As well as a base salary, remuneration packages include superannuation, termination entitlements and fringe benefits.

The Board is conscious of its responsibilities in relation to the performance of the Company. Directors and Executives are encouraged to hold shares in the Company to align their interests with those of shareholders.

No remuneration or other benefits are paid to Directors or Executives by any subsidiary companies.

(C) Details of remuneration

The structure of Non-Executive Director and Executive remuneration is separate and distinct.

Non-Executive Directors

Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time. The amount currently approved is $700,000, which was approved at the Annual General Meeting held on 24 November 2011. The Company’s policy is to remunerate Non-Executive Directors at a fixed fee based on their time involvement, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual or company performance, however, to align Directors’ interests with shareholders’ interests, Non-Executive Directors are encouraged to hold shares in the Company. The Board retains the discretion to award options or performance rights to Non-Executive Directors based on the recommendation of the Board, which is always subject to shareholder approval.

Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri have elected not to be paid by the Company.

Executives

Executives receive a mixture of fixed and variable pay and a blend of short and long term incentives as appropriate. Remuneration packages contain the following key elements:

- Fixed compensation component inclusive of base salary, superannuation and non-monetary benefits
- Short term incentive (STI) programme
- Long term employee benefits

Fixed compensation

Fixed compensation consists of base salary (which is calculated on a total cost base and including any fringe benefits tax ("FBT') charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

The base salary is reflective of market rates for companies of similar size and industry which is reviewed annually to ensure market competitiveness. The Board last reviewed the salaries paid to peer company executives in determining the salary of the Company’s KMP at the end of the 2021 financial year. This base salary is fixed remuneration and is not subject to performance of the company. Base salary is reviewed annually and adjusted on 1 July each year as required. There is no guaranteed base salary increase included in any executive’s contracts.

Cash bonuses

A cash bonus was paid to the CEO during this financial year on the achievement of his annual STI, based on actual performance against key performance indicators (KPIs).

Employment contracts

Remuneration and other terms of employment for key executive Matthew Boyall is formalised in a service agreement. Details of the agreement is as follows:

Matthew Boyall
Title: Chief Executive Officer
Original Agreement effective from 1 July 2017, with salary terms revised on 5 July 2021.
Term: Permanent employment contract, no fixed terms.
Details: Base salary of $370,800 per annum plus superannuation to be reviewed annually by the Board. Mr Boyall is also entitled to short-term incentive up to 30% (2021: 30%) of his base salary at the discretion of the Board at the end of each financial year dependent on the success of meeting key deliverables.
Notice period: 3 months

Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed and any changes to meet the principles of the compensation policy.

Details of the nature and amount of each major element of remuneration of each Director of the Company and other Key Management Personnel of the consolidated entity are:

KMP Compensation - 2022

	Short-term benefits		Long-term benefits	Post-employment	Share-based payments	
2022	**Cash salary and fees $**	**Cash bonuses $**	**Long service leave $**	**Superannuation $**	**Equity-settled $**	**Total $**
Directors						
Alastair McGregor*	-	-	-	-	-	-
Andrew Jefferies*	-	-	-	-	-	-
Peter Hood	64,473	-	-	6,527	-	71,000
Richard Malcolm	59,932	-	-	6,068	-	66,000
Rod Ritchie	66,000	-	-	-	-	66,000
Samuel Kellner*	-	-	-	-	-	-
Marco Argentieri*	-	-	-	-	-	-
Other Key Management Personnel:						
Matthew Boyall**	366,868	73,085	9,606	27,500	61,175	538,234
	557,273	73,085	9,606	40,095	61,175	741,234

* Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri have elected not to be paid by the Company.
** Matthew Boyall's cash bonus consists of $73,085 for achieving 65.7% weighting against 2021 key performance indicators (KPIs). The KPIs were measured against the actual results for the calendar year ending 31 December 2021. Mr Boyall is entitled to up to 30% of base salary in short term incentives.

KMP Compensation - 2021

2021	Short-term benefits Cash salary and fees $	Cash bonuses $	Long-term benefits Long service leave $	Post-employment Superannuation $	Share-based payments Equity-settled $	Total $
Directors						
Alastair McGregor*	-	-	-	-	1	1
Andrew Jefferies*	-	-	-	-	1	1
Peter Hood	45,610	-	-	4,390	-	50,000
Richard Malcolm	43,330	-	-	4,170	-	47,500
Rod Ritchie	47,500	-	-	-	-	47,500
Samuel Kellner*	-	-	-	-	1	1
Marco Argentieri*	-	-	-	-	1	1
Other Key Management Personnel:						
Matthew Boyall**	356,694	64,260	5,218	25,000	62,693	513,865
	493,134	64,260	5,218	33,560	62,697	658,869

* Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri have elected not to be paid by the Company.

** Matthew Boyall's cash bonus consists of $64,260 for achieving 59.5% weighting against 2020 key performance indicators (KPIs). The KPIs were measured against the actual results for the calendar year ending 31 December 2020. Mr Boyall is entitled to up to 30% of base salary in short term incentives.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2022	Fixed remuneration 2021	At risk - STI 2022	At risk - STI 2021	At risk - LTI 2022	At risk - LTI 2021
Directors:						
Peter Hood	100%	100%	-	-	-	-
Richard Malcolm	100%	100%	-	-	-	-
Rod Ritchie	100%	100%	-	-	-	-
Other Key Management Personnel:						
Matthew Boyall	75%	75%	14%	13%	11%	12%

(D) Equity based remuneration

Overview of share options

The Board in their meeting held on 24 June 2019 approved the Employee Share Option Plan ('ESOP'), which was subsequently approved by shareholders at 2019 Annual General Meeting.

The ESOP has been developed to provide the greatest possible flexibility in choice to the Board in implementing the executive incentive schemes. The ESOP enables the Board to offer employees a number of Options.

A summary of material terms of the ESOP is set out as follows:

- the ESOP sets out the framework for the offer of Options by the Company, and is typical for a document of this nature;
- in making its decision to issue Options, the Board may decide the number of securities and the vesting conditions which are to apply in respect of the securities. The Board has flexibility to issue Options having regard to a range of potential vesting criteria and conditions;
- in certain circumstances, unvested Options will immediately lapse and any unvested Shares held by the participant will be forfeited if the relevant person is a "bad leaver" as distinct from a "good leaver";
- if a participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or its subsidiaries, the Board may determine that any unvested Options held by the participant immediately lapse and that any unvested Shares held by the participant be forfeited;
- in certain circumstances Options can vest early upon a change of control event as defined under the Plan rules;
- the total number of Options and Shares which may be offered by the Company under these Rules shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Options and Shares issued or that may be issued as a result of offers made at any time during the previous three year period under an employee incentive scheme;
- the Board has discretion to impose restrictions (except to the extent prohibited by law or the ASX Listing Rules) on Shares issued or transferred to a participant on vesting of an Option or a Performance Right, and the Company may implement appropriate procedures to restrict a participant from so dealing in the Shares; and
- the Board is granted a certain level of discretion under the Employee Incentive Programme (EIP), including the power to amend the rules under which the EIP is governed and to waive vesting conditions, forfeiture conditions or disposal restrictions.

The options will vest on the date determined by the Board and as specified in the Invitation Letter.

4,599,003 options were granted under the ESOP during the financial year to 30 June 2022 (2021: 3,743,260). 1,607,360 options were forfeited due to an employee departure from the Company during the year. These options did not have any other vesting conditions other than continuing employment and time.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of KMP in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price (cents)	Fair value per option at grant date (cents)
Matthew Boyall	1,288,338	29 July 2019	1 July 2021	1 July 2023	7.00	4.00
Matthew Boyall	1,399,595	4 October 2019	1 July 2022	1 July 2024	9.00	5.90
Matthew Boyall	1,102,607	16 July 2020	1 July 2023	1 July 2025	11.70	5.10
Matthew Boyall	1,428,843	23 July 2021	1 July 2024	22 July 2026	7.80	3.90

Options granted carry no dividend or voting rights.

(E) Relationship between remuneration policy and company performance
Company performance review

The tables below set out summary information about the company's earnings and movements in shareholder wealth and key management remuneration for the five years to 30 June 2022.

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Production revenue from continuing operations	44,439	22,449	23,916	25,730	24,547
Profit/(loss) before income tax expense from continuing operations	21,278	(7,290)	5,099	12,856	5,058
Profit/(loss) after income tax expense	16,068	(12,743)	1,313	8,549	7,739
Total KMP remuneration	741	659	690	651	525

	2022	2021	2020	2019	2018
Share price at start of year (cents)	6.00	9.50	8.30	5.70	5.50
Share price at end of year (cents)	6.50	6.00	9.50	8.30	5.70
Basic earnings/(loss) per share (cents)	2.30	(1.83)	0.19	1.22	1.11
Diluted earnings/(loss) per share (cents)	2.30	(1.83)	0.19	1.22	1.11

The Company remuneration policy also seeks to reward staff members on achieving non-financial key performance indicators, including safety and operational performance.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
*Ordinary shares**				
Non-Executive Directors	-	-	-	-
Andrew Jefferies	8,000	-	-	8,000
Peter Hood	80,000	-	-	80,000
Richard Malcolm**	-	300,000	-	300,000
Other Key Management Personnel	-	-	-	-
Matthew Boyall	200,000	-	-	200,000
	288,000	300,000	-	588,000

* Alastair McGregor, Rod Ritchie, Samuel Kellner and Marco Argentieri do not hold any fully paid ordinary shares.
** Mr Richard Malcolm purchased 300,000 shares on market on 6 September 2021 as disclosed to the ASX.

NZOG Offshore Limited (a related entity to Alastair McGregor, Andrew Jefferies, Rod Richie, Samuel Kellner and Marco Argentieri) holds 349,368,803 fully paid ordinary shares in the Company.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Matthew Boyall	3,790,540	1,428,843	-	-	5,219,383
	3,790,540	1,428,843	-	-	5,219,383

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Cue Energy Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Vesting date	Exercise price (cents)	Number under option
29/07/2019	01/07/2023	01/07/2021	7.00	3,513,430
04/10/2019	01/07/2024	01/07/2022	9.00	3,569,764
16/07/2020	01/07/2025	01/07/2023	11.70	3,241,067
23/07/2021	22/07/2026	01/07/2024	7.80	4,047,966

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Cue Energy Resources Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Directors' insurance and indemnification of Directors and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary, and all executive officers against a liability incurred as a director, company secretary or executive officer to the extent permitted by the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

The company has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify the auditor of the company or any related body corporate against a liability incurred as an officer or auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor’s expertise and experience with the Company are important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, did not compromise the audit independence requirement, of the Corporations Act 2001, based on advice received from the Audit and Risk Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of KPMG

There are no officers of the company who are former partners of KPMG.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with the Class Order amounts in the Directors’ Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report and forms part of the directors' report.

Auditor

In accordance with the provisions of the Corporations Act 2001 the Company's auditor, KPMG, continues in office.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Board

Alastair McGregor
Non-Executive Chairman

25 August 2022

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Cue Energy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Cue Energy Resources Limited for the financial year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Vicky Carlson
Partner
Melbourne
25 August 2022

Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Revenue from continuing operations			
Revenue from operations	5	44,439	22,449
Production costs	6	18,856	10,665
Gross profit from production		25,583	11,784
Other income		15	220
Net foreign currency exchange gain / (loss)		10	(2,550)
Expenses			
Exploration and evaluation expenses	7	(1,560)	(12,843)
Administration expenses	8	(3,029)	(3,834)
Finance costs		259	(67)
Profit/(loss) before income tax expense		21,278	(7,290)
Income tax expense	9	(5,210)	(5,453)
Profit/(loss) after income tax expense for the year attributable to the owners of Cue Energy Resources Limited		16,068	(12,743)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		1,759	(1,085)
Other comprehensive income for the year, net of tax		1,759	(1,085)
Total comprehensive income for the year attributable to the owners of Cue Energy Resources Limited		17,827	(13,828)
		Cents	**Cents**
Basic earnings/(loss) per share	36	2.30	(1.83)
Diluted earnings/(loss) per share	36	2.30	(1.83)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cue Energy Resources Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	10	23,223	17,617
Restricted cash	10	-	27
Trade and other receivables	11	8,740	7,342
Inventories		1,237	437
Total current assets		33,200	25,423
Non-current assets			
Other financial assets	12	6,300	5,784
Property, plant and equipment		34	44
Right-of-use assets		175	194
Exploration and evaluation assets	13	1,950	-
Production properties	14	54,117	18,344
Development assets	15	4,243	3,670
Deferred tax asset	16	6,888	2,641
Total non-current assets		73,707	30,677
Total assets		106,907	56,100
Liabilities			
Current liabilities			
Trade and other payables	17	4,651	2,960
Contract liabilities	18	1,545	-
Lease liabilities		86	52
Tax liabilities	9	2,666	2,115
Provisions		192	232
Deferred consideration	19	6,337	-
Total current liabilities		15,477	5,359
Non-current liabilities			
Contract liabilities	18	5,207	-
Borrowings	20	6,895	-
Lease liabilities		122	145
Deferred tax liability	9	6,751	5,017
Provisions	21	24,517	15,656
Total non-current liabilities		43,492	20,818
Total liabilities		58,969	26,177
Net assets		47,938	29,923
Equity			
Contributed equity	22	152,416	152,416
Reserves	24	1,132	(815)
Accumulated losses		(105,610)	(121,678)
Total equity		47,938	29,923

The above statement of financial position should be read in conjunction with the accompanying notes

Cue Energy Resources Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020	152,416	83	(108,935)	43,564
Loss after income tax expense for the year	-	-	(12,743)	(12,743)
Other comprehensive loss for the year, net of tax	-	(1,085)	-	(1,085)
Total comprehensive loss for the year	-	(1,085)	(12,743)	(13,828)
Transactions with owners in their capacity as owners:				
Share-based payments (note 37)	-	187	-	187
Balance at 30 June 2021	152,416	(815)	(121,678)	29,923

Consolidated	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	152,416	(815)	(121,678)	29,923
Profit after income tax expense for the year	-	-	16,068	16,068
Other comprehensive income for the year, net of tax	-	1,759	-	1,759
Total comprehensive income for the year	-	1,759	16,068	17,827
Transactions with owners in their capacity as owners:				
Share-based payments (note 37)	-	188	-	188
Balance at 30 June 2022	152,416	1,132	(105,610)	47,938

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cue Energy Resources Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		43,548	18,575
Other receipts		-	538
Interest received		11	25
Payments to suppliers and employees		(16,472)	(10,541)
Payments for exploration and evaluation expenditure		(1,885)	(12,186)
Income tax paid		(7,274)	(4,185)
Royalties paid		(261)	(256)
		17,667	(8,030)
Interest and other finance costs paid		(5)	-
Net cash from/(used in) operating activities	35	17,662	(8,030)
Cash flows from investing activities			
Payments with respect to exploration, development and production properties		(6,588)	(3,510)
Payments for plant and equipment		(5)	(7)
Payment for businesses acquired	33	(12,522)	-
Net cash used in investing activities		(19,115)	(3,517)
Cash flows from financing activities			
Payments of principal element of lease liabilities		(48)	(84)
Proceeds from borrowings, net of fees	20	6,895	-
Net cash from/(used in) financing activities		6,847	(84)
Net increase/(decrease) in cash and cash equivalents		5,394	(11,631)
Cash and cash equivalents at the beginning of the financial year		17,644	31,944
Effects of exchange rate changes on cash and cash equivalents and restricted cash		185	(2,669)
Cash and cash equivalents at the end of the financial year	10	23,223	17,644

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Cue Energy Resources Limited as a consolidated entity consisting of Cue Energy Resources Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Cue Energy Resources Limited's functional and presentation currency.

Cue Energy Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2022.

Note 2. Significant accounting policies

Significant accounting policies have been disclosed in the respective notes to the financial statements and below.

(a) Operations and principal activities
Operations comprise petroleum exploration, development and production activities.

(b) Statement of compliance
The financial report is a general purpose financial report presented in Australian dollars which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for for-profit oriented entities. International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB. The financial reports of the consolidated entity also comply with IFRS and interpretations adopted by the International Accounting Standards Board.

The accounting policies set out below have been applied consistently to all periods presented in this report.

(c) Basis of preparation
The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The consolidated financial statements has been prepared on a going concern basis using the historical cost convention.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

(d) Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cue Energy Resources Limited ("company" or "parent entity") as at 30 June 2022 and the results of all subsidiaries for the year then ended. Cue Energy Resources Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all those entities over which the Group has control. The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power to direct the activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Cue Energy Resources Limited.

Note 2. Significant accounting policies (continued)

(e) Production revenue
The consolidated entity generates production revenue from its interest in producing crude oil and gas fields. Revenue from oil production is recognised at a point in time when crude oil is delivered to the buyer. Oil contract price is negotiated when the operator lifts for the group. Revenue from gas production in Indonesia is recognised during the month when gas is delivered to the buyer, based on fixed price contracts and in Australia on the basis of both contractually defined prices and spot gas market pricing.

All oil and gas revenues are recognised at a single point in time.

(f) Inventories
Inventories consist of hydrocarbon stock. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes direct costs and an appropriate portion of fixed production overheads where applicable.

(g) Comparative figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(h) Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(i) Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(j) Foreign currency
Functional and presentation currency

The functional currencies of Group companies is the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars, as this is the Group’s presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of financial year.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Foreign operations

The results and financial position of Cue's foreign operations are translated into its presentation currency using the following procedures:

(a) assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position;
(b) income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at average exchange rates for the year; and
(c) all resulting exchange differences shall be recognised in other comprehensive income.

(k) New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no impact upon adoption of these standards.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity, and the estimates and underlying assumptions are reviewed on an ongoing basis.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

(i) Recovery of deferred tax assets
Deferred tax assets are only recognised if management considers it is probable that future tax profits will be available to utilise the unused tax losses (refer to note 9). There are inherent uncertainties in the various assumptions used estimation of future generation of taxable income, particularly in respect of project development and energy prices, which are subject to global macroeconomic factors which can materially impact the future estimations of taxable income against which carried forward tax losses may be utilised.

(ii) Impairment of production properties
Production properties impairment testing requires an estimation of recoverable amount, which management have determined using a value-in-use model for respective cash generating units. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Other assumptions used in the calculations which could have an impact on future years includes USD rates, available reserves and oil and gas prices (refer to note 14).

(iii) Useful life of production properties
As detailed at note 14 production properties are amortised on a unit-of-production basis, with separate calculations being made for each resource. Estimates of reserve quantities are a critical estimate impacting amortisation of production property assets.

Note 3. Critical accounting estimates and judgements (continued)

(iv) Estimates of reserve quantities
The estimated quantities of Proven and Probable hydrocarbon reserves reported by the Company are integral to the calculation of the amortisation expense relating to Production Property Assets, and to the assessment of possible impairment of these assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared in accordance with the Company's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

(v) Restoration provisions
Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas in accordance with the terms of the respective permits and relevant legislation in the various jurisdictions in which the Consolidated Entity operates There is inherent uncertainty in the definition of the works undertaken, technology used to complete the works, the estimation of the relevant costs associated with the defined works and the timing of settlement of restoration obligations. Details of restoration provisions are disclosed in note 21.

(vi) Capitalised exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity expects to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

(vii) Contract liabilities
There are inherent uncertainties in estimating the expected liability in relation to performance obligations for take or pay arrangements and the future provision of service. These include the fair value of gas to be provided and the timing that the customer will take their remaining entitlements. The carrying value of these obligations is reflected in note 18.

(viii) Coronavirus (COVID-19) pandemic
In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to have a significant impact globally as well as in Australia. The spread of COVID-19 continues to cause significant volatility in Australian and international markets, there continuing to be significant uncertainty around the breadth and duration of business disruptions related to COVID-19. At the date of this report, the impact of these measures is not expected to significantly affect the Company's business operations, although management cannot reliably measure the extent to which such measures will impact the Consolidated Entity's financial position and performance.

(viiii) Russian-Ukrainian conflict
The Russian-Ukrainian conflict continues to develop, the result of which have had significant global macro-economic impacts, including increasing instability in global energy prices. Related impacts include volatility in commodity prices, currency movements, supply-chain and travel disruptions, disruption in banking systems and capital markets, increased costs and expenditures and cyberattacks. At the date of this report, the conflict has had the effect of increasing crude oil and natural gas prices, offset to some extent by the inflationary effect on the Australian and other economies. This has however, on an overall basis, been a positive impact on the Consolidated Entity's results from operations.

The conflict's development and conclusion is inherently uncertain and the consequences for the global economy and the Company's operations unpredictable. The Company has, to the extent possible, in assessing the carrying value of its assets and liabilities, reflected the impact which the conflict has and has on its financial position and performance.

Note 4. Financial reporting by segments

Segment Information
AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

The CODM assesses the performance of the operating segments based upon a measure of earnings before interest expense, tax, depreciation and amortisation. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the Group financial statements.

The Group operates in three principle geographic segments: Australia, New Zealand and Indonesia. Furthermore, with the acquisition of the Amadeus business, it has been concluded more appropriate to present corporate activities separate from other operations in Australia, consistent with internal reporting. For presentation purposes, comparatives have been represented accordingly.

Australia
The parent entity resides in Melbourne, Australia. The Group, through its wholly owned subsidiary, Cue Exploration Pty Ltd, and through separate legal entities, holds 3 permits in the Amadeus Basin in the Northern Territory. For details of subsidiaries refer to note 31 and interests in joint operations refer to note 32.

New Zealand
The Group, through its wholly owned subsidiary, Cue Taranaki Pty Ltd, holds 5% interest in petroleum production property, PMP38160 (Maari) in New Zealand.

Indonesia
The Group, through its wholly owned subsidiary, Cue Sampang Pty Ltd, holds a 15% interest in the Sampang PSC gas production property and through Cue Mahato Pty Ltd, a 12.5% interest in the Mahato PSC oil production property. The Group also holds interests in exploration permit Mahakam Hilir PSC, which has expired and is in the process of surrender.

Information regarding the Group's reportable segments is presented below:

Consolidated - 2022	**Australia $'000**	**New Zealand $'000**	**Indonesia $'000**	**Corporate $'000**	**Total $'000**
Revenue					
Revenue from operations	8,208	9,169	27,062	-	44,439
Total revenue	8,208	9,169	27,062	-	44,439
EBITDAX	4,116	5,987	20,883	(1,949)	29,037
Depreciation and amortisation	(1,590)	(1,371)	(2,468)	(68)	(5,497)
Business development expenses	(654)	-	-	(119)	(773)
Finance costs	(79)	266	83	(11)	259
Share-based payments	-	-	(9)	(179)	(188)
Exploration and evaluation expenses	(1,469)	-	(91)	-	(1,560)
Profit/(loss) before income tax expense	324	4,882	18,398	(2,326)	21,278
Income tax expense					(5,210)
Profit after income tax expense					16,068

Note 4. Financial reporting by segments (continued)

30 June 2022	Australia $'000	New Zealand $'000	Indonesia $'000	Corporate $'000	Eliminations $'000	Total $'000
SEGMENT ASSETS						
Current assets	1,830	1,055	9,111	21,204	-	33,200
Non-current assets	36,053	16,262	20,450	90,133	(88,222)	74,676
Total assets	37,883	17,317	29,561	111,337	(88,222)	107,876
SEGMENT LIABILITIES						
Current liabilities	5,055	991	3,279	6,152	-	15,477
Non-current liabilities	58,530	24,919	41,301	6,964	(88,222)	43,492
Total liabilities	63,585	25,910	44,580	13,116	(88,222)	58,969

Consolidated - 2021	Australia $'000	New Zealand $'000	Indonesia $'000	Corporate $'000	Total $'000
Revenue					
Revenue from operations	-	6,945	15,504	-	22,449
Total revenue	-	6,945	15,504	-	22,449
EBITDAX	(1,322)	3,476	11,464	(3,200)	10,418
Depreciation and amortisation	-	(1,432)	(1,372)	(76)	(2,880)
Business development expenses	(165)	-	-	(606)	(771)
Finance costs	(3)	(64)	-	-	(67)
Exploration and evaluation expenses	(12,283)	-	(560)	-	(12,843)
Share-based payments expense	-	-	(40)	(139)	(179)
One off settlement expenses	-	-	-	(968)	(968)
Profit/(loss) before income tax expense	(13,773)	1,980	9,492	(4,989)	(7,290)
Income tax expense					(5,453)
Loss after income tax expense					(12,743)

30 June 2021	Australia $'000	New Zealand $'000	Indonesia $'000	Corporate $'000	Eliminations $'000	Total $'000
SEGMENT ASSETS						
Current assets	27	2,989	7,044	15,363	-	25,423
Non-current assets	-	13,049	17,413	56,705	(56,490)	30,677
Total assets	27	16,038	24,457	72,068	(56,490)	56,100
SEGMENT LIABILITIES						
Current liabilities	643	1,109	2,568	1,039	-	5,359
Non-current liabilities	317	28,677	48,256	58	(56,490)	20,818
Total liabilities	960	29,786	50,824	1,097	(56,490)	26,177

Major customers

The Group has a number of customers to whom it provides oil products, of which 58% (2021: 25%) of revenue is supplied to one customer and 36% (2021:73%) to the other. The Group supplies gas to a number of external customers, one of which generates 63% (2021:100%) of revenue and 13% (2021:0%) to the other.

Note 5. Revenue from operations

	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue from operations	44,439	22,449

	Consolidated 2022 $'000	Consolidated 2021 $'000
Disaggregation of revenue		
The disaggregation of revenue from contracts with customers is as follows:		
Natural gas revenue	18,723	12,940
Crude oil and condensate revenue	25,716	9,509
	44,439	22,449

Note 6. Production costs

	Consolidated 2022 $'000	Consolidated 2021 $'000
Production costs	13,441	7,861
Amortisation of production properties	5,415	2,804
	18,856	10,665

Note 7. Exploration and evaluation expenses

Accounting policy for exploration and evaluation project expenditure
AASB 6 Exploration for and Evaluation of Mineral Resources allows the Group to either capitalise or expense the exploration and evaluation expenditure incurred. During the financial year the consolidated entity reviewed its criteria under its successful efforts method of accounting. The costs of a successful exploration well are capitalised and carried forward as exploration and evaluation assets pending the evaluation of the success of the well (refer note 13). If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

	Consolidated 2022 $'000	Consolidated 2021 $'000
Profit/(loss) before income tax includes the following specific (reversal)/expenses:		
Exploration costs (reversed)/expensed		
Sampang PSC	-	29
Mahakam Hilir PSC	90	490
WA-359-P	(447)	11,998
WA-389-P	11	268
WA-409-P	27	58
Mereenie	29	-
Palm Valley	1,835	-
Dingo	15	-
Exploration costs expensed	1,560	12,843

Note 7. Exploration and evaluation expenses (continued)

The Consolidated Entity incurred $0.87 million of expenses in respect of the discontinued exploration works on the Palm Valley Deep well and $0.97 million of expenses in respect of with the side track targeting the lower P2 and P3 reservoirs.

Exploration activities continue, the objective of which is to exploit the Palm Valley P1 resource target within the well infrastructure.

A credit to exploration expenses of $0.45 million was recognised in the year ended 30 June 2022, arising from the reversal of prior period accrued Ironbark expenses.

Note 8. Administration expenses

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Employee expenses	1,308	1,170
Business development expenses	773	771
Accounting and audit fees	371	329
Share based payments	188	179
Superannuation contribution expense	71	74
Depreciation expense	82	76
Legal expenses*	19	1,032
Other expenses	217	203
Total administration expenses	3,029	3,834

*This figure for the year ended 30 June 2021 included:

* $0.50 million (US$0.38 million) associated with the settlement of the dispute between Cue and the Mahato PSC joint operation partners.

  $0.46 million (US$0.35 million) associated with the settlement of the Hammerhead litigation in relation to the Pine Mills oilfield.

Note 9. Income tax

	Consolidated	
	2022 $'000	2021 $'000
Income tax expense		
Current tax	7,424	4,474
Adjustment recognised for current tax in prior periods	299	(228)
Deferred tax - origination and reversal of temporary differences (i)	(2,513)	1,207
Aggregate income tax expense	5,210	5,453
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	21,278	(7,290)
Tax at the statutory tax rate of 30%	6,383	(2,187)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unrealised foreign exchange movements	(5)	809
Unrecognised temporary differences	13	(10)
Unrecognised tax losses	301	3,642
Recognition of deferred tax (assets)/liabilities (ii)	(2,513)	1,207
Difference in overseas tax rates	2,833	1,865
Share-based payments	56	42
Other balances and permanent differences	(2,636)	313
Prior year tax losses not recognised/(recognised)	479	-
	4,911	5,681
Adjustment recognised for current tax in prior periods	299	(228)
Income tax expense	5,210	5,453

	Consolidated	
	2022 $'000	2021 $'000
(i) Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(4,247)	247
Increase/(decrease) in deferred tax liabilities	1,734	960
Deferred tax – origination and reversal of temporary differences	(2,513)	1,207

During the year ended 30 June 2020, Cue was notified that it had been successful in an Indonesian Tax Court case against the Indonesian Tax Department for over-payment of $0.66 million in taxes relating to 2011, resulting in a partial refund of $0.45 million which was received in December 2019. The remaining balance was received during the current period.

(ii) During the prior year, the consolidated entity capitalised Mahato PB exploration wells drilling costs (refer note 14). As a result, a deferred tax liability of $0.51 million was recognised in the financial statements.

	Consolidated	
	2022 $'000	2021 $'000
Current tax liabilities	2,666	2,115

The Group has an ongoing Indonesian Tax matter relating to a notice of amended assessment which is being disputed by Cue Kalimantan Pte Ltd on behalf of SPC E&P Pte Ltd. Cue is indemnified by SPC for any losses arising from this disputed notice of assessment and has recognised a liability and receivable on the balance sheet.

Note 9. Income tax (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax asset recognised comprises of:		
Restoration provisions	4,703	2,641
Carried forward tax losses	1,772	-
Other	413	-
	6,888	2,641

During the year ended 30 June 2022, the Consolidated Entity recognised a deferred tax asset of $1.77 million in respect of previously unrecognised carried forward tax losses. The Consolidated Entity has a deferred tax asset of $35.86 million at 30 June 2022 for carried forward tax losses not recognised.

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax liability recognised comprises of:		
Production, development and exploration and evaluation assets	6,768	5,107
Restoration provision offset	-	(105)
Other	(17)	15
Deferred tax liability	6,751	5,017

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax not recognised		
Deferred tax not recognised comprises temporary differences attributable to:		
Employee provisions	58	85
Tax losses	39,298	40,611
Less deferred tax liabilities not recognised - Production properties	(3,172)	(1,752)
Less deferred tax liabilities not recognised - Inventories	(360)	(122)
Accrued expenses	36	-
Net deferred tax not recognised	35,860	38,822

The above net potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

At 30 June 2022 no franking and imputation credits were held for subsequent reporting periods (2021: nil).

Note 9. Income tax (continued)

Accounting policy for Income tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Cue Energy Resources Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime effective 1 July 2010.

Cue Taranaki Pty Ltd is subject to the provisions of its Petroleum Mining Permit (the Permit) which, in conjunction with the Minerals Programme for Petroleum (1995) Act and Crown Minerals (Royalties for Petroleum) Regulations 2013 (collectively the Legislation), defines the basis of provisional royalty payments made each reporting period. The provisions of the Permit define a hybrid royalty system whereby the minimum royalty payment, is the higher of 5% of revenues or 20% of the provisional accounting profit (APR), as defined in the legislation.

The Consolidated Entity recognises the minimum royalty payment as a royalty expense, included in the statement of profit or loss and other comprehensive income as production costs, with any excess of the APR over the minimum royalty payment presented as an income tax expense, in accordance with AASB 112. At 30 June 2022 a deferred tax asset of $3.54 million and a deferred tax liability of $2.71 million have been recognised in respect of the application of the terms of the Legislation to timing differences arising between the recognition and measurement criteria in the Legislation and the application of Australian Accounting Standards. These deferred tax balances are in addition to balances recognised on temporary timing differences generated through the application of the respective corporate income tax legislation in the jurisdictions in which the Consolidated Entity operates.

Note 10. Current assets - cash and cash equivalents

	Consolidated 2022 $'000	Consolidated 2021 $'000
Unrestricted cash operating accounts	23,223	17,617
Restricted cash - Ironbark Drilling Program Account*	-	27
Total as disclosed in the statement of cash flows	23,223	17,644

*Restricted cash at 30 June 2021 included cash held by the Company as required under the funding arrangement of the WA-359-P Co-ordination Agreement for the by the Ironbark drilling program account. The majority of these funds were drawn down over the period to settle exploration expenditure associated with the WA-359.

Note 10. Current assets - cash and cash equivalents (continued)

Accounting policy for cash and cash equivalents and restricted cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Current assets - trade and other receivables

	Consolidated	
	2022 $'000	2021 $'000
Trade receivables	6,344	5,205
Other receivables	2,221	2,031
	8,565	7,236
Prepayments	175	106
Total trade and other receivables	8,740	7,342

Allowance for expected credit losses
The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The consolidated entity has not recognised any losses in profit or loss in respect of the expected credit losses for the year ended 30 June 2022 (2021: Nil).

The ageing of trade and other receivables at the reporting date was as follows:

	Consolidated	
	2022 $'000	2021 $'000
Not overdue	4,150	2,665
Less than one month	4,415	4,571
	8,565	7,236

Trade and other receivables are not considered impaired and relate to a number of independent customers for whom there is no recent history of default.

Accounting policy for trade and other receivables
Trade and other receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Note 12. Non-current assets - other financial assets

	Consolidated	
	2022 $'000	2021 $'000
Prepaid restoration fund - Sampang	6,300	5,784

Other financial assets is comprised of prepayments made to fund Cue Sampang's share of rehabilitation obligations.

Cue Sampang contributed $nil to the restoration fund for the Sampang PSC during the year ended 30 June 2022 (2021: $0.53 million), the increase in financial assets being due to the impact of restatement of US Dollar denominated assets to Australian Dollars.

Accounting policy for other financial assets

Other financial assets are recognised and measured in accordance with AASB Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (AASBI 5). AASBI 5 requires restoration provisions and contributions to funds to be separately disclosed in the Consolidated Entity's statement of financial position.

Note 13. Non-current assets - exploration and evaluation assets

	Consolidated	
	2022 $'000	2021 $'000
Exploration and evaluation costs is comprised of:		
Exploration and evaluation - Palm Valley	1,770	-
Exploration and evaluation - Dingo	180	-
	1,950	-

Under the recognition and measurement criteria defined in AASB 6 Exploration for and Evaluation of Mineral Resources, the costs of a successful exploration well are capitalised and carried forward as exploration and evaluation assets pending the evaluation of the success of the well. If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

As detailed in note 34, in July 2022, the Operator, Central Petroleum Limited, ("Central") (ASX: CTP) and its Palm Valley and Dingo Joint Venture partners NZOG and the Consolidated Entity, announced that the drilling program at Palm Valley and Dingo will be revised to defer the Dingo well and evaluate the lower P2 and P3 side track of the Pacoota Sandstone formation (P2/P3) instead of the Deep exploration target at Palm Valley to prioritise near term production into a very strong East Coast gas market.

Furthermore, as detailed in note 34, in August 2022, Central and its Joint Venture partners announced that the drilling program at the lower P2/P3 unit of the Pacoota Sandstone formation (P2/P3) will cease and further drilling will target the P1 reservoir in the Palm Valley field.

Note 14. Non-current assets - production properties

	Consolidated 2022 $'000	Consolidated 2021 $'000
Net accumulated cost incurred on areas of interest		
Joint operation assets		
Oyong and Wortel - Sampang PSC	3,820	4,758
Maari - PMP 38160	13,048	10,408
Mahato	6,131	3,178
Palm Valley	3,127	-
Mereenie	19,762	-
Dingo	8,229	-
Balance as at 30 June	54,117	18,344

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Balance at 1 July	18,344	18,682
Additions during the year	3,233	842
Changes in restoration provision – production (note 21)	2,799	(81)
Amortisation expense	(5,415)	(2,804)
Transfer in from development assets**	-	3,272
Additions through Amadeus Basin business combination (note 33)	33,609	-
Changes in foreign currency translation	1,547	(1,567)
Closing balance 30 June	54,117	18,344

Estimates of recoverable amounts are based on the assets' value-in-use, determined by discounting each asset's estimated future cash flows at asset specific discount rates and based upon the Group's long term pricing assumptions. The pre-tax discount rates applied were 14.3% (2021: 14.3%) equivalent to post-tax discount rates of 10.0% (2021: 10.0%) depending on the nature of the risks specific to each asset.

** Production assets transferred in, relate to Mahato development assets including the PB-1 and PB-2 wells, which were drilled as exploration wells in late 2019 and early 2020. During calendar year 2021, these wells commenced commercial oil production, wells PB-3, PB-4 and PB-5 also being drilled in the year ended 30 June 2021 and brought into production during the year ended 30 June 2022.

Accounting policy for production properties
Production properties are carried at the reporting date at cost less accumulated amortisation and accumulated impairment losses. Production properties represent the accumulation of all exploration, evaluation, development and acquisition costs in relation to areas of interest in which production licences have been granted.

Amortisation of costs is provided on the unit-of-production basis, separate calculations being made for each resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of economically recoverable reserves (comprising both proven and probable reserves), and is expensed through the statement of profit or loss and other comprehensive income.

Amounts (including subsidies) received during the exploration, evaluation, development or construction phases which are in the nature of reimbursement or recoupment of previously incurred costs are offset against such capitalised costs.

Note 14. Non-current assets - production properties (continued)

Accounting policy for impairment

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds the recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses and reversals are recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Accounting policy for calculation of recoverable amount

For oil and gas assets the estimated future cash flows are based on value-in-use calculations using estimates of hydrocarbon reserves, future production profiles, commodity prices, operating costs and any future development costs necessary to produce the reserves, through 5 years from the reporting date. Estimates of future commodity prices are based on contracted prices where applicable or based on consensus estimates of forward market prices where available. The recoverable amount of other assets is the greater of their fair value less cost to dispose and value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The restoration provision is deducted from the carrying value of the asset as the cost of restoration is included in its cost base. This adjustment is required to allow a true reflection of its carrying value against its recoverable value.

Where an asset does not generate cash flows that are largely independent from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Note 15. Non-current assets - development assets

	Consolidated	
	2022 $'000	2021 $'000
Sampang Paus Biru	4,185	3,670
Mereenie	58	-
	4,243	3,670

As detailed in note 33, on 1 October 2021, the Consolidated Entity acquired the Amadeus business, as a result of which $0.06 million was incurred post-acquisition on Mereenie development works.

Note 16. Non-current assets - deferred tax asset

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax asset	6,888	2,641

During the year ended 30 June 2022, the Consolidated Entity recognised a deferred tax asset of $1.77 million in respect of previously unrecognised carried forward tax losses. The Consolidated Entity has a deferred tax asset of $35.86 million at 30 June 2022 for carried forward tax losses not recognised.

The Consolidated Entity also recognised $2.0 million of deferred tax assets on acquisition of the Amadeus Basin business, as detailed in note 33, which has been offset against deferred tax liabilities at 30 June 2022.

Note 17. Current liabilities - trade and other payables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Trade payables and accruals	4,489	2,274
Amounts due to directors and director related entities	162	686
	4,651	2,960

Refer to note 25 for further information on financial instruments.

The Directors consider the carrying amount of payables reflect their fair values.

Accounting policy for trade and other payables
These amounts represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest. Trade payables are normally paid within 30 days, and due to their short term nature are generally unsecured and not discounted.

Note 18. Contract liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current	1,545	-
Non-current	5,207	-
	6,752	-

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $6.75 million at 30 June 2022 (30 June 2021: nil), of which $1.54 million is expected to be recognised as revenue within 12 months and $5.21 million to be recognised as revenue in more than 12 months from the reporting date.

Note 18.Contract liabilities (continued)

Accounting policy for contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer gas to customers and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Upon acquisition of the Amadeus basin assets, the consolidated entity assumed performance obligations for the delivery of gas for which payment was received by the operator pre-acquisition. Furthermore, upon acquisition the consolidated entity assumed the performance obligation for gas not taken by its sole customer in the Dingo field, in respect of a take or pay arrangement in accordance with which the consolidated entity has the obligation to upon request provide gas in the contractually defined volumes which were not able to be consumed. The customer must take the future delivery of gas no later than 2035.

Note 19. Current liabilities - deferred consideration

	Consolidated	
	2022 $'000	2021 $'000
Deferred consideration	6,337	-

On 1 October 2021, the Consolidated Entity acquired the Amadeus Basin Business for $18.8 million, being $20.7 million less working capital adjustments of $1.9 million. As detailed in note 33, $9.6 million was paid in cash on acquisition, the balance expected to be settled within 12 months of the reporting date, primarily in respect of the Palm Valley exploration and Mereenie development works.

Note 20. Non-current liabilities - borrowings

	Consolidated	
	2022 $'000	2021 $'000
Loan from NZOG	6,895	-

The consolidated entity entered into a two-year, unsecured loan agreement with NZOG. The loan is unsecured, with an interest rate of 10% p.a. fixed for the term of the loan and an establishment fee of 1.5% of the loan amount. The term of the loan is two years and early repayments are allowed with no penalty and the fair value of the loan at 30 June 2022 is $6.90 million (2021: nil).

Refer to note 25 for further information on financial instruments.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 21. Non-current liabilities - provisions

	Consolidated	
	2022 $'000	2021 $'000
Employee benefits	-	48
Restoration provisions	24,517	15,608
	24,517	15,656

Note 21. Non-current liabilities - provisions (continued)

Movements in restoration provision during the financial year are set out below:

Consolidated - 2022	Restoration provisions $'000
Carrying amount at the start of the year	15,608
Change in provisions recognised	918
Additions through business combinations (note 33)	6,546
FX translation	1,445
Carrying amount at the end of the year	24,517

Accounting policy for provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

Restoration provision
Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas. The expected timing of outflows for restoration liabilities is not within 12 months from the reporting date.

The provision of future restoration costs 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. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the reporting date, with a corresponding change in the cost of the associated asset.

The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalised and depleted as a component of the cost of those activities.

Accounting policy for employee benefits
The following liabilities arising in respect of employee benefits are measured at their nominal amounts:
- wages and salaries and annual leave expected to be settled within twelve months of the reporting date; and
- other employee benefits expected to be settled within twelve months of the reporting date.

All other employee benefit liabilities expected to be settled more than 12 months after the reporting date are measured at the present value of the estimated future cash outflows in respect of services provided up to the reporting date. Liabilities are determined after taking into consideration estimated future increase in wages and salaries and past experience regarding staff departures. Related on-costs are included.

Note 22. Equity - contributed equity

	Consolidated			
	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares - fully paid	698,119,720	698,119,720	152,416	152,416

Ordinary shares entitle the holder to the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle holders to one vote, either in person or by proxy at a meeting of the Company. The Company has an unlimited authorised capital and the shares have no par value.

Note 22. Equity - contributed equity (continued)

Accounting policy for contributed equity
Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Note 23. Equity - capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintaining optimal return for shareholders and benefits for other stakeholders.

Management will assess the capital structure of the entity to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, or issue new shares.

During 2022 management did not pay any dividends (2021: nil).

There has been no change during the year to the strategy adopted by management to control the capital of the entity.

The gearing ratio is 0.14 for 2022 and nil for 2021.

Note 24. Equity - reserves

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $'000	Options reserve $'000	Total $'000
Balance at 1 July 2020	(93)	176	83
Foreign currency translation	(1,085)	-	(1,085)
Share-based payments	-	187	187
Balance at 30 June 2021	(1,178)	363	(815)
Foreign currency translation	1,759	-	1,759
Share-based payments	-	188	188
Balance at 30 June 2022	581	551	1,132

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Options reserve
The reserve is used to recognise the value of equity benefits provided to employees under the Employee Share Option Plan.

Note 25. Financial instruments

The Group's principal financial instruments comprise receivables, payables, cash and cash equivalents (inclusive of restricted balances).

The Group manages its exposure to key financial risks, including interest rate and currency risk through management's regular assessment of financial risks. The objective of the assessment is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, commodity price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates, foreign exchange and commodity prices. These risks are summarised below.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Board reviews and agrees management's assessment for managing each of the risks identified below.

In all instances the fair value of financial assets and liabilities approximates to their carrying value.

Risk Exposures and Responses

(a) Fair value risk

The financial assets and liabilities of the Group are recognised in the statement of financial position at their fair value in accordance with the accounting policies set out in these notes to the financial statements. The Group has trade receivables, other financial assets and trade payables are a reasonable approximation of their fair values due to their short-term nature. The Group entered into a $7.0 million loan with NZOG on 24 June 2022, maturing within 2 years of inception, the fair value of which was estimated at $6.90 million. Given the nature of the financial assets and liabilities noted and the relatively short term nature and the use of the appropriate interest rates in determining the loan's fair value, there is no material fair value risk.

(b) Interest rate risk

The Group's exposure to market interest rates is related primarily to the Group's cash deposits.

The Group constantly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangement on fixed or variable deposits. The impact of interest rate movement is not material to the Group.

(c) Foreign exchange risk

The Group is subject to foreign exchange risk on its international exploration and appraisal activities where costs are incurred in foreign currencies. The Group generates significant amounts of foreign currencies, however, does not hold significant foreign currency balances. The Group's foreign exchange risk exposures are mitigated through natural hedging, where appropriate.

The Group's exposure to foreign exchange risk at the reporting date was as follows (holdings are shown in AUD equivalent):

Consolidated 30 June 2022	**NZD $'000**	**IDR $'000**
Financial assets		
Trade and other receivables	53	7
Financial liabilities		
Trade and other payables	901	-

Note 25. Financial instruments (continued)

Consolidated 30 June 2021	**NZD $'000**	**IDR $'000**
Financial assets		
Trade and other receivables	150	19
Financial liabilities		
Trade and other payables	991	1
Tax liabilities	-	13

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments.

(d) Commodity price risk

The Group is involved in oil and gas exploration and appraisal and receives revenue from the sale of hydrocarbons. Exposure to commodity price risk is therefore limited to this production and from successful exploration and appraisal activities the quantum of which at this stage cannot be measured.

Gas contracts are primarily fixed, with an immaterial value of contracts subject to spot prices, limiting the Group's exposure to fluctuations in gas price.

The Group is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars.

Commodity price risks are measured by monitoring and stress testing the Group’s forecast financial position to sustained periods of low oil and gas prices. This analysis is regularly performed on the Group’s portfolio and, as required, for discrete projects and acquisitions. At 30 June 2022, there is no material commodity price exposure.

(e) Liquidity risk

Liquidity risk is the risk that the group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have established an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group is consequently able to meet its payment obligations in full as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash to meet the Group's obligations. The Group aims to maintain flexibility in funding to meet ongoing operational requirements, exploration and development expenditure, and small-to-medium-sized opportunistic projects and investments, including taking out loans and where available and appropriate, maintaining credit facilities.

The following table analyses the contractual maturities of the Group’s financial liabilities into relevant groupings based on the remaining period at the reporting date to the contractual undiscounted cash flows comprising principal and interest repayments.

30 June 2022 Non-derivative financial liabilities	**12 months or less $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**More than 5 years $'000**
Trade and other payables (note 17)	4,651	-	-	-
Lease liabilities	89	106	17	-
Borrowings	630	7,618	-	-

Note 25. Financial instruments (continued)

30 June 2021 Non-derivative financial liabilities	12 months or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Trade and other payables (note 17)	2,960	-	-	-
Lease liabilities	39	65	85	-

(f) Credit risk

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents and restricted cash and trade and other receivables. The Group's exposure to credit risk arises from potential default by the counter-party, with maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures which could include an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 26. Key management personnel disclosures and related party disclosures

Directors
The following persons were directors of Cue Energy Resources Limited during the financial year:

Alastair McGregor (Non-executive Chairman)*
Andrew Jefferies (Non-Executive Director)*
Peter Hood AO (Non-Executive Director)
Richard Malcolm (Non-Executive Director)
Rod Ritchie (Non-Executive Director)
Samuel Kellner (Non-Executive Director)*
Marco Argentieri (Non-Executive Director)*

*Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri have elected not to be paid by the Company.

Key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Matthew Boyall (Chief Executive Officer)

Total remuneration payments and equity issued to Directors and key management personnel are summarised below. Elements of Directors and executives remuneration includes:
- Short term employment benefits, including non-monetary benefits and consultancy fees
- Post-employment benefits – superannuation and long service leave entitlements
- Long term employee benefits

Note 26. Key management personnel disclosures and related party disclosures (continued)

	Consolidated 2022	Consolidated 2021
Short term employment benefits (including non-monetary benefits)	557,273	493,134
Cash bonuses	73,085	64,260
Long term benefits	9,606	5,218
Post-employment benefits	40,095	33,560
Share-based payments	61,175	62,693
Total employee benefits	741,234	658,865

Other related party transactions

Repayment of amounts owing to the Company as at 30 June 2022 and all future debts due to the Company, by the controlled entities are subordinated in favour of all other creditors. Cue Energy has agreed to provide sufficient financial assistance to the controlled entities as and when it is needed to enable the controlled entities to continue operations.

The parent company provides management, administration and accounting services to the subsidiaries. No management fees were charged to subsidiaries in the 2021 and 2022 financial years.

The ultimate parent company is O.G. Oil & Gas (Singapore) Pte. Ltd., a company incorporated in Singapore. The immediate parent company is NZOG, a company incorporated in New Zealand.

During the financial year, NZOG provided technical and legal services to the Group under consulting agreements. The arrangements are on normal commercial terms. As at 30 June 2022, $0.162 million was accrued for services rendered from the immediate parent company and directors (2021: $0.66 million).

During the financial year, NZOG granted a $7.0 million unsecured loan to the consolidated entity, the details of which are in note 20.

Note 27. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated 2022 $	Consolidated 2021 $
Audit services - KPMG		
Audit or review of the financial statements	167,360	127,290
Other assurance services	8,280	8,280
	175,640	135,570
Other services - KPMG		
Advisory services	72,036	27,955
Tax compliance	28,142	12,938
	100,178	40,893
	275,818	176,463

No other services were provided by the auditor during the year, other than those set out above.

Note 28. Contingent assets and liabilities

The Directors are not aware of any contingent assets or contingent liabilities as at 30 June 2022 (2021: Nil).

Note 29. Commitments for expenditure

	Consolidated	
	2022	2021
	$'000	$'000
*Exploration and evaluation, development and production expenditure commitments**		
The Group participates in a number of licences, permits and production sharing contracts for which the Group has made commitments with relevant governments to complete minimum work programmes.		
Within one year	15,728	2,733
One to five years	878	-
	16,606	2,733
One to five years	-	-

* Exploration expenditure commitments of $2.89 million at 30 June 2022 are in respect of Palm Valley 12 exploration drilling and related works, whilst development and production expenditure commitments at 30 June 2022 include $0.39 million of Mereenie flare reduction works and $12.95 million of drilling and infrastructure works at the Mahato PSC.

Commitments reflect the Consolidated Entity's interest in future financial obligations, based on existing facts and circumstances, where the Consolidated Entity is contractually or substantively committed to making future expenditure. These commitments may be either direct obligations or, as is the case with most commitments, obligations which the respective projects' operators enter into on the Consolidated Entity's behalf with suppliers and service providers.

Note 30. Parent entity information

Cue Energy Resources Limited is the parent entity.

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	$'000	$'000
Loss after income tax	(1,939)	(4,588)
Total comprehensive loss	(1,939)	(4,588)

Note 30. Parent entity information (continued)

Statement of financial position

	Parent 2022 $'000	Parent 2021 $'000
Total current assets	21,204	15,363
Total assets	28,497	17,624
Total current liabilities	6,899	1,060
Total liabilities	13,887	1,263
Equity		
Contributed equity	152,416	152,416
Options reserve	550	363
Accumulated losses	(138,356)	(136,418)
Total equity	14,610	16,361

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 (2021: nil)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 (2021: nil)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for the acquisition of capital assets as at 30 June 2022 (2021: nil).

Note 31. Shares in subsidiaries

Shares held by parent entity at the reporting date:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Cue Mahato Pty Ltd	Australia	100.00%	100.00%
Cue Mahakam Hilir Pty Ltd	Australia	100.00%	100.00%
Cue Kalimantan Pte Ltd*	Singapore	100.00%	100.00%
Cue (Ashmore Cartier) Pty Ltd	Australia	100.00%	100.00%
Cue Sampang Pty Ltd	Australia	100.00%	100.00%
Cue Taranaki Pty Ltd	Australia	100.00%	100.00%
Cue Exploration Pty Ltd	Australia	100.00%	100.00%
Cue Palm Valley Pty Ltd**	Australia	100.00%	100.00%
Cue Mereenie Pty Ltd**	Australia	100.00%	100.00%
Cue Dingo Pty Ltd**	Australia	100.00%	100.00%

All companies in the Group have a 30 June reporting date.

* Shares held by Cue Mahakam Hilir Pty Ltd.
** Entities established by Cue Energy Resources Ltd, registered on 21 May 2021.

Note 32. Interests in joint operations

Property	Operator	Cue Interest 2022 (%)	Cue Interest 2021 (%)	Permit expiry date
Petroleum exploration properties				
Carnarvon Basin - Western Australia				
WA-359-P	BP Developments Australia Pty Ltd	-	21.5	25/04/2021
WA-389-P	Cue Exploration Pty Ltd	100*	100	08/04/2021
WA-409-P	BP Developments Australia Pty Ltd	-	20	12/10/2022
Amadeus Basin				
Mereenie (OL4 and OL5 Production Licences)	Central Petroleum	7.5%**	-	17/11/2023
Palm Valley (OL3 Production Licence)	Central Petroleum	15%**	-	05/11/2024
Dingo (L7 Production Licence)	Central Petroleum	15%**	-	06/07/2039
Indonesia				
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100*	100*	15/04/2021
Petroleum development and production properties				
New Zealand				
PMP38160	OMV New Zealand Limited	5	5	02/12/2027
Indonesia				
Sampang PSC	Medco Energi Sampang Pty Ltd	15 (8.18 Jeruk Field)	15 (8.18 Jeruk Field)	04/12/2027
Mahato PSC	Texcal Mahato EP Ltd	12.5	12.5	20/07/2042

*WA-389-P and Mahakam Hilir PSC exploration permits have expired and regulatory processes for surrender are ongoing as at 30 June 2022. On 4 July 2022, surrender processes for WA-389-P were completed.
** Completion of the acquisition of the Amadeus Basin Permits occurred on 1 October 2021.

Accounting policy for joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Note 33. Business combinations

On 1 October 2021, the Company, in conjunction with NZOG, the Company's majority shareholder, completed the acquisition of the Amadeus Basin business including the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia, from Central Petroleum Limited (ASX: CTP) (Central).

The Consolidated Entity's acquired interests in the joint operation are a:
- 7.5% interest in the Mereenie gas and oil field (OL4 and OL5 Production Licences);
- 15% interest in the Palm Valley gas field (OL3 Production Licence); and
- 15% interest in the Dingo gas field (L7 Production Licence).

Note 33. Business combinations (continued)

The ownership interests in the Amadeus Basin joint operation are as follows:

Ownership interest in Amadeus Basin business	Cue Energy Resources Limited	NZOG	Central Petroleum Limited	Macquarie Mereenie Pty Ltd
	%	%	%	%
Mereenie	7.5%	17.5%	25%	50%
Palm Valley	15%	35%	50%	-
Dingo	15%	35%	50%	-

The drilling of 2 new production wells and 4 well recompletions in the Mereenie field and the Palm Valley 12 exploration well during the period were included in the carried cost contribution by the Group.

All three fields are in production and supply gas into the Eastern Australia and local Northern Territory gas markets.

The Consolidated Entity acquired the aforementioned interests for total consideration of $18.8 million, being the contractually agreed price of $20.7 million less $1.9 million in respect of agreed adjustments, refer to note 14 to the financial statements for further details. The total consideration comprised of an initial payment of $9.6 million to Central and deferred consideration, the provisional fair value of which was measured at $9.2 million at 1 October 2021. Subsequent to acquisition and prior to 30 June 2022, $2.9 million of the deferred consideration on acquisition was settled, the remaining $6.3 million balance at 30 June 2022, all being classified as a current liability.

Note 33. Business combinations (continued)

Details of the Consolidated Entity's interest in the provisional fair value of the assets and liabilities upon acquisition are as follows:

	Provisional fair value $'000
Cash and cash equivalents	62
Trade receivables	4
Oil and gas production properties	33,609
Inventories	331
Prepayments	54
Right-of-use assets	50
Deferred tax asset	1,964
Trade payables	(1,122)
Contract liabilities	(7,562)
Restoration provision	(6,546)
Lease liability	(50)
Deferred tax liability	(1,964)
Acquisition-date provisional fair value of the net assets acquired	18,830
Representing:	
Contractually agreed price	20,700
Net revenue received	(1,708)
Working capital adjustment	(162)
Acquisition date provisional fair value of consideration paid and payable	18,830
Acquisition costs expensed to profit or loss	1,576
Cash used to acquire business, net of cash acquired:	
Acquisition-date provisional fair value of total consideration paid/payable	18,830
Less: deferred consideration	(9,246)
Net cash used	9,584

As part of the acquisition, the Consolidated Entity assumed an obligation to supply gas to a customer from which Central had received income prior to the Consolidated Entity acquiring its interest in the Amadeus Basin business. The provisional fair value of this obligation upon acquisition is $4.16 million.

As detailed in note 29, the Group has entered into certain commitments for further exploration and development works in respect of the Amadeus Basin assets acquired. The obligations reflected therein represent the Group's proportion of the total cost of works committed to at 30 June 2022.

i. Goodwill and cash generating units
Based on the provisional fair value assessment, no goodwill was recognised on the acquisition of the Amadeus Basin business.

The Consolidated Entity operates as three operating segments, being the Australia, New Zealand and Indonesian geographic segments. The Amadeus Basin business is comprised of two cash generating units being the Dingo and Mereenie, including Palm Valley, fields within the Australian segment.

Note 33. Business combinations (continued)

ii. Deferred consideration
The acquisition of the Amadeus Basin business included a deferred consideration element based on the Consolidated Entity's obligation to fund Central's share of exploration, appraisal and development costs to a maximum of $12 million. During the period completion of 2 new production wells and 4 well recompletions in the Mereenie field and drilling of the PV-12 well in the Palm Valley field were included in the deferred consideration.

The total consideration comprised of an initial payment of $9.6 million to Central and deferred consideration, the provisional fair value of which was measured at $9.2 million at 1 October 2021. Subsequent to acquisition and prior to 30 June 2022, $2.9 million of deferred consideration was settled, the remaining $6.3 million balance at 30 June 2022 being a current liability.

iii. Contribution to the Consolidated Entity's results
The Amadeus Basin assets contributed revenues of $8.21 million and net loss before tax of $0.08 million to the Consolidated Entity from the date of the acquisition to 30 June 2022. The Amadeus Basin assets do not receive any allocations of acquisition costs, corporate overhead, listing or finance costs, all of which are absorbed by the Consolidated Entity's core operations.

It is estimated that had the Amadeus Basin assets been acquired at the beginning of the reporting period, it would have contributed estimated proforma revenues of $13.33 million and net profit before tax of $2.03 million for the period from 1 July 2021 to 30 June 2022, past earnings not necessarily being a reflection of future earning capacity.

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent and deferred consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent and deferred consideration classified as an asset or liability is recognised in profit or loss. Contingent and deferred consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 34. Events after the reporting period

In July 2022, the Operator, Central Petroleum, and its Palm Valley and Dingo Joint Venture partners NZOG and the Consolidated Entity, announced that the drilling program at Palm Valley and Dingo would be revised to defer the Dingo well and evaluate the lower P2/P3 unit of the Pacoota Sandstone formation (P2/P3) instead of the Deep exploration target at Palm Valley to prioritise near term production into a very strong East Coast gas market.

On 22 August 2022, the Palm Valley Joint Venture announced the decision to curtail further drilling in the lower P2 and P3 side track. This was due to the combination of the presence of formation water and no significant gas shows. Total exploration costs of $2.2 million have been incurred in respect of this section of the well. In accordance with the Group's accounting policy $1.0 million were expensed in the year ended 30 June 2022, the remainder will be expensed in the 2023 financial year.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2022 $'000	2021 $'000
Profit/(loss) after income tax expense for the year	16,068	(12,743)
Adjustments for:		
Share-based payments	188	179
Finance costs associated with abandonment provision	259	(67)
Depreciation	82	76
Amortisation	5,415	2,804
Net gain on foreign currency conversion	520	3,599
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,338)	(2,627)
Decrease/(increase) in inventories	(468)	21
Decrease/(increase) in deferred tax assets	(2,283)	247
Increase in trade and other payables	570	916
Decrease in contract liabilities	(810)	-
(Decrease)/Increase in tax liabilities	551	(172)
Increase/(decrease) in deferred tax liabilities	(1,052)	959
Increase/(decrease) in provisions	(40)	(1,222)
Net cash from/(used in) operating activities	17,662	(8,030)

Note 36. Earnings per share

	Consolidated	
	2022 $'000	2021 $'000
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	16,068	(12,743)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
Weighted average number of ordinary shares used in calculating diluted earnings per share	698,119,720	698,119,720

Note 36. Earnings per share (continued)

	Cents	Cents
Basic earnings/(loss) per share	2.30	(1.83)
Diluted earnings/(loss) per share	2.30	(1.83)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the earnings attributable to the owners of Cue Energy Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 37. Share-based payments

On 23 July 2021, the Company issued 4,599,003 unlisted options to eligible employee under the share option scheme. The options are exercisable at $0.078 (7.8 cents) per option and will vest on 23 July 2024 and expire on 22 July 2026.

The options were valued using Black-Scholes option pricing model. $72,376 of share-based payment expense was recorded in relation to these options for the financial year ending 30 June 2022.

Set out below are summaries of options granted under the plan:

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/07/2017	01/07/2023	$0.070	3,784,025	-	-	(270,595)	3,513,430
04/10/2019	01/07/2024	$0.090	3,853,298	-	-	(283,533)	3,569,765
16/07/2020	01/07/2025	$0.117	3,743,260	-	-	(502,193)	3,241,067
23/07/2021	22/07/2026	$0.078	-	4,599,003	-	(551,037)	4,047,966
			11,380,583	4,599,003	-	(1,607,358)	14,372,228
Weighted average exercise price			$0.092	$0.078	$0.000	$0.091	$0.088

The weighted average remaining contractual life of outstanding options at 30 June 2022 is 2.57 years (30 June 2021: 2.52 years).

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/07/2019	01/07/2023	$0.070	3,784,025	-	-	-	3,784,025
04/10/2019	01/07/2024	$0.090	3,853,298	-	-	-	3,853,298
16/07/2020	01/07/2025	$0.117	-	3,743,260	-	-	3,743,260
			7,637,323	3,743,260	-	-	11,380,583
Weighted average exercise price			$0.080	$0.117	$0.000	$0.000	$0.092

Note 37. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
23/07/2021	22/07/2026	$0.070	$0.078	59.00%	-	0.58%	$0.033

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Cue Energy Resources Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Alastair McGregor
Non-Executive Chairman

25 August 2022

Independent Auditor's Report

To the shareholders of Cue Energy Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Cue Energy Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2022;
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Acquisition of interest in the Amadeus Basin Assets; and
- Restoration provision relating to the Maari field.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of Interest in Amadeus Basin Assets of $18.8 million

Refer to Note 33 *Business combinations*

The key audit matter	How the matter was addressed in our audit

On 1 October 2021, the Group completed the acquisition of interests as a joint venture partner in the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia.
 	
This Business combination is a key audit matter due to:
 	
• The financial significance of the transaction to the Group; and
• the judgment required by the Group to measure the fair values of assets acquired and liabilities assumed, including:
  - oil and gas production properties;
  - prepaid gas and assumed obligations to supply gas to customers where income has been received in advance;
  - restoration obligations; and
  - acquisition date deferred tax balances.
 	
These factors and the complexity of the acquisition accounting required significant audit effort and involvement of senior audit team members, including our specialists, in assessing this key audit matter.
	Our procedures included:
	
	• read the acquisition agreements and other related transaction documents to understand the structure, key terms and conditions;
	• evaluated the acquisition accounting methodology applied by the Group against the requirements of the accounting standards;
	• assessed the Group's determination of the accounting acquisition date and fair value of purchase consideration with reference to the underlying asset sale agreement and accounting standard requirements;
	• evaluated the qualifications, competence and objectivity of external and internal experts used by the Group including an assessment as to the extent to which the information provided by them could be relied upon;
	• with the assistance of our valuation specialists, evaluated the Group's assessment of the fair value of oil and gas production properties;
	• assessed the significant judgements impacting the fair value of net assets acquired including:
	  - assessing the valuation methodology applied was in accordance with the requirements of Australian Accounting Standards;

	- challenged the feasibility of forecast cashflows, reserve and resource estimates, production profiles and useful life; comparing for consistency with other internal and external information including reports prepared by management's experts and post acquisition cash flows; and - challenged the Group's assumptions for oil and gas prices, inflation rates, and discount rate by comparing to available external information including observable market prices, publicly available industry guidance and information from comparable companies. • with the assistance of our tax specialists, assessed the appropriateness of the recognised deferred tax balances against accounting standard requirements; • assessed the identification and measurement of prepaid gas and assumed obligations to supply gas to customers where income has been received in advance, with reference to contractual obligations, and against accounting standard requirements; and • assessed the appropriateness of the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of accounting standards.

Restoration provision relating to the Maari field included within provisions of $12.8 million	
Refer to Note 21 *Provisions*	
The key audit matter	**How the matter was addressed in our audit**
We identified the restoration provision for the Maari field as a key audit matter due to: • the estimation uncertainty relating to forecast restoration cash flows for the Maari asset which require auditor judgement to evaluate their appropriateness; and • the significant size of the restoration provision relative to the Group's financial position. The Group incurs obligations to close, restore and rehabilitate its sites and associated facilities. We focused on the following key estimates made by the Group in determining its restoration provision for Maari: • useful life of assets including the economic reserves and production profiles; • the interpretation of legislative regulatory requirements governing the Group's obligations; • the cost and timing of future rehabilitation costs; and • discount and inflation rates applied to the Group's net present value of forecast cash flows used to determine the restoration provision.	Our procedures included: • tested design of key controls in the Group's process to determine the restoration provision. This included the determination, review and approval by the Group of key inputs included in the calculation such as life of asset reserves and production profiles, discount rates, future restoration costs, and timing of future cash flows; • assessed the nature and extent of the work performed by the Group's external expert in identifying future restoration activities and assessing the timing and likely cost of such activities. We compared the nature and extent of restoration work to the relevant regulatory requirements, and inspected relevant correspondence from government and regulatory bodies. We compared the timing of restoration activities to the Group's reserves and resources estimates, expected production profile and useful life; • used our knowledge of the Group and our industry experience, and considering other publicly available information from the joint operation partners, assessed the feasibility of the future restoration costs and their timing; • evaluated the scope, competency and objectivity of the Group's internal and external experts; • evaluated the discount and inflation rates applied to the Group's net present value of the restoration provision against publicly available data, including risk free rates; and • assessed the integrity of the provision calculation including the accuracy of the underlying calculation formulas.

Other Information

Other Information is financial and non-financial information in Cue Energy Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report were the Directors' Report, Operations and Financial Review, and the Shareholder Information. The Chairman's Overview, Reserves and Resources Summary and Sustainability are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Cue Energy Resources Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 13 to 18 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Vicky Carlson
Partner
Melbourne
25 August 2022

1. Distribution of equitable securities

The shareholder information set out below was applicable as at 1 August 2022:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	71	0.00	-	-
1,001 to 5,000	173	0.08	-	-
5,001 to 10,000	527	0.66	-	-
10,001 to 100,000	1,536	7.53	-	-
100,001 and over	305	91.72	8	100
	2,612	100	8	100
Holding less than a marketable parcel	338	-	-	-

2. Registered Top 20 Shareholders

The registered names and holdings of the 20 largest holdings of quoted ordinary shares in the Company as at 1 August 2022:

	Shareholder	Ordinary shares Number held	Ordinary shares % of total shares issued
1.	NZOG OFFSHORE LIMITED	349,368,803	50.04
2.	BNP PARIBAS NOMS PTY LTD <DRP>	118,723,010	17.01
3.	PORTFOLIO SECURITIES PTY LTD	10,000,000	1.43
4.	CITICORP NOMINEES PTY LIMITED	7,743,770	1.11
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,119,890	0.88
6.	REVIRESCO NOMINEES PTY LTD <REVIRESCO S/F A/C>	6,000,000	0.86
7.	BEIRA PTY LIMITED	5,196,097	0.74
8.	RIUOHAURAKI LIMITED	4,000,000	0.57
9.	JBM TRADING PTY LTD	3,709,081	0.53
10.	ANDREW MARK WILMOT SETON	3,500,000	0.50
11.	ZILSTAME NOMINEES PTY LTD	3,257,308	0.47
12.	GRIZZLEY HOLDINGS PTY LIMITED	3,202,203	0.46
13.	LAKEMBA PTY LTD	2,984,051	0.43
14.	MR STEPHEN ALAN MCCABE	2,919,717	0.42
15.	MR JOHN PHILIP DANIELS	2,578,000	0.37
16.	BERNE NO 132 NOMINEES PTY LTD <52293 A/C>	2,500,000	0.36
17.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,401,054	0.34
18.	MR SEAN DENNEHY	2,273,184	0.33
19.	MR DAMIANO GIORGIO PILLA	1,996,427	0.29
20.	TRIBAL NZ TRADERS LTD	1,775,878	0.25
		540,248,473	77.39

3. Unquoted equity securities

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Balakrishnan Kunjan	Unquoted options	5,290,764
Matthew Boyall	Unquoted options	5,219,383

4. Vendor Securities
There are no restricted securities on issue as at 1 August 2022.

5. Voting rights
At meeting of members or classes of members:

(a) each member entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

(i) for each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative, one vote for the share;

(ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited).

Subject to any rights or restrictions attached to any shares or class of shares.

6. Annual General Meeting and Director Nominations Closing date

Cue Energy Resources Limited advises that its Annual General Meeting will be held on or about Thursday 27 October 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

The Closing date for receipt of nomination for the position of Director is 15 September 2022. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 15 September 2022 at the Company's Registered Office.

The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

7. Share registry

Enquiries

Cue's share register is managed by Computershare. Please contact Computershare for all shareholding and dividend related enquiries.

Change of shareholder details

Shareholders should notify Computershare of any changes in shareholder details via the Computershare website (www.computershare.com.au) or writing (fax, email, mail). Examples of such changes include:

- Registered name
- Registered address
- Direct credit payment details

Computershare Investor Services Pty Ltd

GPO Box 2975
Melbourne, Victoria 3001 Australia
Telephone: 1300 850 505 (within Australia)
or +61 3 9415 4000 (outside Australia)
Facsimile: +61 3 9473 2500
Email: web.queries@computershare.com.au
Website: www.computershare.com.au

8. Sharecodes

ASX Share Code: CUE