CUE ENERGY RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue			
Production revenue from operations		22,449	23,916
Production costs	5	(10,881)	(12,944)
Gross profit from production		11,568	10,972
Other income		220	831
Net foreign currency exchange gain / (loss)		(2,550)	79
Expenses			
Impairment - Production properties	13	-	(2,722)
Exploration and evaluation expenditure	7	(12,843)	(1,438)
Administration expenses	6	(3,837)	(2,623)
Profit before income tax expense		(7,442)	5,099
Income tax expense	8	(5,301)	(3,786)
Profit after income tax expense for the year attributable to the owners of Cue Energy Resources Limited		(12,743)	1,313
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,085)	691
Other comprehensive income for the year, net of tax		(1,085)	691
Total comprehensive income for the year attributable to the owners of Cue Energy Resources Limited		(13,828)	2,004
		Cents	**Cents**
Basic earnings/(loss) per share	30	(1.83)	0.19
Diluted earnings/(loss) per share	30	(1.83)	0.19

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 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	9	17,617	19,936
Restricted cash	9	27	12,008
Trade and other receivables	10	7,342	4,715
Inventories		437	458
Total current assets		25,423	37,117
Non-current assets			
Other financial assets	11	5,784	5,713
Property, plant and equipment		44	64
Right-of-use assets		194	90
Exploration and evaluation assets	12	-	4,605
Production properties	13	18,344	18,682
Development assets	14	3,670	-
Deferred tax assets	8	2,641	2,888
Total non-current assets		30,677	32,042
Total assets		56,100	69,159
Liabilities			
Current liabilities			
Trade and other payables	15	2,960	2,044
Lease liabilities		52	80
Tax liabilities	8	2,115	2,287
Provisions		232	140
Total current liabilities		5,359	4,551
Non-current liabilities			
Lease liabilities		145	16
Deferred tax liabilities	8	5,017	4,058
Provisions	16	15,656	16,970
Total non-current liabilities		20,818	21,044
Total liabilities		26,177	25,595
Net assets		29,923	43,564
Equity			
Contributed equity	17	152,416	152,416
Reserves	19	(815)	83
Accumulated losses		(121,678)	(108,935)
Total equity		29,923	43,564

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 2021

Consolidated	Contributed Equity $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2019	152,416	(750)	(110,257)	41,409
Adjustment to opening accumulated losses upon adoption of AASB 16	-	-	5	5
Balance at 1 July 2019 - restated	152,416	(750)	(110,252)	41,414
Profit after income tax expense for the year	-	-	1,313	1,313
Other comprehensive income for the year, net of tax	-	691	-	691
Total comprehensive income for the year	-	691	1,313	2,004
Transactions with owners in their capacity as owners:				
Share-based payments (note 31)	-	146	-	146
Transfer	-	(4)	4	-
Balance at 30 June 2020	152,416	83	(108,935)	43,564

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 31)	-	187	-	187
Balance at 30 June 2021	152,416	(815)	(121,678)	29,923

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 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash flows from operating activities			
Receipts from customers		18,575	23,004
Other receipts		538	606
Interest received		25	374
Payments to suppliers and employees		(10,541)	(9,298)
Payments for exploration and evaluation expenditure		(12,186)	(1,496)
Income tax paid		(4,033)	(4,314)
Royalties paid		(408)	(1,476)
Net cash from/(used in) operating activities	29	(8,030)	7,400
Cash flows from investing activities			
Payments with respect to production and development properties	13	(3,510)	(881)
Payments for plant and equipment		(7)	(62)
Payments for exploration and evaluation (Capex)	12	-	(729)
Net cash used in investing activities		(3,517)	(1,672)
Cash flows from financing activities			
Payments of principal element of lease liabilities		(84)	(85)
Net cash used in financing activities		(84)	(85)
Net increase/(decrease) in cash and cash equivalents		(11,631)	5,643
Cash and cash equivalents at the beginning of the financial year		31,944	26,194
Effects of exchange rate changes on cash and cash equivalents and restricted cash		(2,669)	107
Cash and cash equivalents, including restricted cash, at the end of the financial year	9	17,644	31,944

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 18 August 2021.

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 25.

(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 2021 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.

Note 2. Significant accounting policies (continued)

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.

(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 is recognised during the month when gas is delivered to the buyer, based on fixed price contracts.

(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) 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.

(i) 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.

Note 2. Significant accounting policies (continued)

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.

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.

(j) 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 8).

(ii) Impairment of production properties
Production properties impairment testing requires an estimation of recoverable amount 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 13).

(iii) Useful life of production properties
As detailed at note 13 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.

(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

Note 3. Critical accounting estimates and judgements (continued)

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.

(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) 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 spread globally as well as in Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets, which coincide with the collapse of the global oil price. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19. In order to protect the health and maintain the safety of employees and comply with local regulations, the Company has closed its offices temporarily and arranged for employees to work remotely. At the date of this report, the impact of these measures is not expected to significantly affect the Company's business operations.

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.

At reporting date, the Group operates in three principle geographic segments: Australia, New Zealand and Indonesia. These segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessment performance and in determining the allocation of resources.

Australia
The parent entity resides in Melbourne, Australia. The Group, through its wholly owned subsidiary, Cue Exploration Pty Ltd, holds exploration permits in the Carnarvon Basin, Offshore Western Australia.

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.

Note 4. Financial reporting by segments (continued)

Indonesia
The Group, through its wholly owned subsidiary, Cue Sampang Pty Ltd, holds 15% interest in gas production property in Indonesia (Sampang). The Group also holds interest in exploration permits in East Kalimantan, through Cue Mahakam Hilir Pty Ltd and Cue Kalimantan Pte Ltd (both wholly owned subsidiaries) and in Central Sumatra, through Cue Mahato Pty Ltd.

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

Consolidated - 2021	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
Revenue				
Revenue from continuing operations	-	6,945	15,504	22,449
Production expenses (excluding amortisation)	-	(4,000)	(4,077)	(8,077)
Gross profit (excluding amortisation)	-	2,945	11,427	14,372
Depreciation and amortisation	(76)	(1,432)	(1,373)	(2,881)
Exploration and evaluation expenditure	(12,283)	-	(559)	(12,842)
Other income / expenditure	(3,061)	201	(502)	(3,362)
Share-based payments	(139)	-	(40)	(179)
Foreign exchange movement	(2,570)	25	(5)	(2,550)
Profit/(loss) before income tax expense	(18,129)	1,739	8,948	(7,442)
Income tax expense				(5,301)
Loss after income tax expense				(12,743)

30 June 2021	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
SEGMENT ASSETS				
Current assets	15,390	2,989	7,044	25,423
Non-current assets	215	13,049	17,413	30,677
Total assets	15,605	16,038	24,457	56,100
SEGMENT LIABILITIES				
Current liabilities	1,682	1,109	2,568	5,359
Non-current liabilities	375	9,432	11,011	20,818
Total liabilities	2,057	10,541	13,579	26,177

Note 4. Financial reporting by segments (continued)

Consolidated - 2020	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
Revenue				
Revenue from continuing operations	-	9,489	14,427	23,916
Production expenses (excluding amortisation)	-	(6,227)	(2,577)	(8,804)
Gross profit (excluding amortisation)	-	3,262	11,850	15,112
Depreciation and amortisation	(73)	(3,032)	(1,108)	(4,213)
Impairment of production properties	-	(2,722)	-	(2,722)
Exploration and evaluation expenditure	(747)	-	(691)	(1,438)
Other income / expenditure	(1,966)	-	393	(1,573)
Share-based payments	(106)	-	(40)	(146)
Foreign exchange movement	130	(192)	141	79
Profit/(loss) before income tax expense	(2,762)	(2,684)	10,545	5,099
Income tax expense				(3,786)
Profit after income tax expense				1,313

30 June 2020	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
SEGMENT ASSETS				
Current assets	28,982	789	7,346	37,117
Non-current assets	123	14,970	16,949	32,042
Total assets	29,105	15,759	24,295	69,159
SEGMENT LIABILITIES				
Current liabilities	536	692	3,323	4,551
Non-current liabilities	97	10,315	10,632	21,044
Total liabilities	633	11,007	13,955	25,595

Major customers
The Group has a number of customers to whom it provides oil products. The Group supplies a single external customer with gas. That customer accounts for 100% of external gas revenue (2020: 100%).

Note 5. Production costs

	Consolidated	
	2021 $'000	**2020 $'000**
Production costs	8,077	8,804
Amortisation of production properties	2,804	4,140
	10,881	12,944

Note 6. Administration expenses

	Consolidated	
	2021 $'000	2020 $'000
Employee expenses	1,170	1,275
Superannuation contribution expense	74	70
Legal expenses*	1,032	409
Other expenses	611	595
Business development expenses	771	128
Share based payments	179	146
Total administration expenses	3,837	2,623

*This figure includes once-off expenses of:

- $504k AUD ($380k USD) associated with the settlement of the dispute between Cue and the Mahato PSC joint operation partners.
- $464k AUD ($350k USD) associated with the settlement of the Hammerhead litigation in relation to the Pine Mills oilfield.

Note 7. Exploration and evaluation expenditure

	Consolidated	
Profit/(loss) before income tax includes the following specific expenses:	2021 $'000	2020 $'000
Exploration Costs Expensed		
Sampang PSC	29	12
Mahakam Hilir PSC	490	679
WA-359-P	11,998	157
WA-389-P	268	550
WA-409-P	58	40
Total exploration and evaluation expenditure	12,843	1,438

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 12). If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

Note 8. Income tax expense

	Consolidated	
	2021 $'000	2020 $'000
Income tax expense		
Current tax	4,322	4,217
Adjustment recognised for current tax in prior periods	(228)	(656)
Deferred tax – origination and reversal of temporary differences (i)	1,207	225
Aggregate income tax expense	5,301	3,786
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(7,442)	5,099
Tax at the statutory tax rate of 30%	(2,233)	1,530
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unrealised foreign exchange movements	809	(146)
Unrecognised temporary differences	(10)	(139)
Unrecognised tax losses	3,642	1,756
Recognition of deferred tax (assets)/liabilities (ii)	1,207	225
Difference in overseas tax rates	1,865	985
Share-based payments	42	32
Other	207	199
	5,529	4,442
Adjustment recognised for current tax in prior periods	(228)	(656)
Income tax expense	5,301	3,786

	Consolidated	
	2021 $'000	2020 $'000
(i) Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	247	114
Increase/(decrease) in deferred tax liabilities	960	111
Deferred tax – origination and reversal of temporary differences	1,207	225

During the prior year, Cue was notified that it had been successful in an Indonesian Tax Court case against the Indonesian Tax Department for over-payment of AUD$659k in taxes relating to 2011, resulting in a partial refund of AUD$451k which was received in December 2019. The remaining balance was accrued at year end.

(ii) During the prior year, the consolidated entity capitalised Mahato PB exploration wells drilling costs (refer note 13). As a result, a deferred tax liability of $510k was recognised in the financial statements.

Note 8. Income tax expense (continued)

	Consolidated	
	2021 $'000	2020 $'000
Current tax liabilities	2,115	2,287

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 ("SPC"). 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.

	Consolidated	
	2021 $'000	2020 $'000
Deferred tax assets recognised		
Restoration provision - Maari	2,641	2,888

	Consolidated	
	2021 $'000	2020 $'000
Deferred tax liability recognised comprise of:		
Sampang:		
Production property	5,107	2,395
Exploration and evaluation assets	-	2,026
Restoration provision offset	(105)	(377)
Right of use assets	15	14
Deferred tax liability	5,017	4,058

	Consolidated	
	2021 $'000	2020 $'000
Deferred tax not recognised		
Deferred tax not recognised comprises temporary differences attributable to:		
Employee provisions	85	68
Tax losses	40,611	35,752
Less deferred tax liabilities not recognised - Production properties	(1,752)	(1,695)
Less deferred tax liabilities not recognised - Inventories	(122)	(128)
Net deferred tax not recognised	38,822	33,997

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 2021 no franking and imputation credits were held for subsequent reporting periods (2020: nil).

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.

Note 8. Income tax expense (continued)

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.

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2021 $’000	2020 $’000
Unrestricted operating accounts	17,617	19,936
Restricted - Ironbark Drilling Program Account*	27	12,008
Total as disclosed in the statement of cash flows	17,644	31,944

*Restricted cash in the year ended 30 June 2020 included cash held by the Company as required under the funding arrangement of the WA-359-P Co-ordination Agreement for 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-P.

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 10. Current assets - trade and other receivables

	Consolidated	
	2021 $'000	2020 $'000
Trade receivables	5,205	1,970
Other receivables	2,031	2,596
	7,236	4,566
Prepayments	106	149
	7,342	4,715

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 2021 (2020: Nil).

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

	Consolidated	
	2021 $'000	2020 $'000
Not overdue	2,665	3,866
Less than one month	4,571	700
	7,236	4,566

Trade and other receivables are not 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 11. Non-current assets - other financial assets

	Consolidated	
	2021 $'000	2020 $'000
Prepaid restoration fund - Sampang	5,784	5,713

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

Cue Sampang contributed AUD$534k to the restoration fund for the Sampang PSC during the year ended 30 June 2021 (2020: AUD$435k)

Accounting policy for other financial assets
Other financial assets are initially measured at fair value and subsequently measured at amortised cost.

Note 11. Non-current assets - other financial assets (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Note 12. Non-current assets - exploration and evaluation assets

	Consolidated	
	2021 $'000	**2020 $'000**
Exploration and evaluation – Paus Biru-1 Exploration well*	-	3,446
Exploration and evaluation – PB exploration wells**	-	1,159
	-	4,605

Under the criteria 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.

*The plan of development (POD) for the Paus Biru discovery was approved on 30 July 2020. Nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved.

**Mahato PSC began production during the year and as such the costs associated with both Paus Biru-1 and PB exploration wells have been transferred to production assets, refer to note 13 for details.

Note 13. Non-current assets - production properties

	Consolidated	
	2021 $'000	**2020 $'000**
Net accumulated cost incurred on areas of interest		
Joint operation assets		
Oyong and Wortel - Sampang PSC	4,758	6,600
Maari - PMP 38160	10,408	12,082
Mahato	3,178	-
Balance as at 30 June	18,344	18,682

Note 13. Non-current assets - production properties (continued)

Reconciliations

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

	Consolidated	
	2021 $'000	2020 $'000
Balance at 1 July	18,682	24,645
Expenditure during the year	842	744
Changes in restoration provision – production (note 16)	(81)	(691)
Amortisation expense	(2,804)	(4,140)
Impairment of Maari production property*	-	(2,722)
Transfer in from development assets**	3,272	-
Changes in foreign currency translation	(1,567)	846
Closing balance 30 June	18,344	18,682

* At 30 June 2020, the Group reassessed the carrying amount of its oil and gas assets for indicators of impairment such as changes in future prices, future costs and reserves. As a result, the recoverable amounts of Maari cash generating unit were formally reassessed. An impairment of the Maari oil field development in New Zealand of $2.72 million, primarily as a result of reduced oil prices, was recognised.

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 post-tax discount rates applied were 10% (2020: 10%) equivalent to pre-tax discount rates of 14.3% (2020: 14.3%) depending on the nature of the risks specific to each asset. Recoverable amounts are estimated as follows:

** Production assets transferred in relate to Mahato development assets include 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. PB-3, PB-4 and PB-5 wells were also drilled and brought into production by 30 June 2021.

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.

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 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.

Note 13. Non-current assets - production properties (continued)

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. 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 14. Non-current assets - development assets

	Consolidated	
	2021 $'000	2020 $'000
Sampang Paus Biru	3,670	-

During the year ended 30 June 2021, Paus Biru gas field Plan of Development in the Sampang PSC was approved by the Indonesian Government. The Company subsequently reclassified and transferred the exploration and evaluation assets to Development assets.

As the Mahato assets entered the development phase during this reporting period, the Company had an obligation for its share of restoration provision. However management do not believe this amount will be material, and as at 30 June 2021, the operator had not cash called for any restoration funds.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2021 $'000	2020 $'000
Trade payables and accruals	2,274	1,945
Amounts due to directors and director related entities	686	99
	2,960	2,044

Refer to note 20 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 16. Non-current liabilities - provisions

	Consolidated	
	2021 $'000	2020 $'000
Employee benefits	48	81
Restoration provisions	15,608	16,889
	15,656	16,970

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

Consolidated - 2021	Restoration provisions $'000
Carrying amount at the start of the year	16,889
Additional provisions recognised	136
FX translation	(1,417)
Carrying amount at the end of the year	15,608

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.

Abandonment 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 17. Equity - contributed equity

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'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.

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 18. 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 2021 management did not pay any dividends (2020: 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 nil for both 2020 and 2021 financial year, as the Group does not have external debt.

Note 19. 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 2019	(784)	34	(750)
Foreign currency translation	691	-	691
Share-based payments	-	146	146
Transfer to accumulated losses	-	(4)	(4)
Balance at 30 June 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 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 20. 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 no debt and trade receivables, other financial assets and trade payables are a reasonable approximation of their fair values due to their short-term nature. Therefore there is no significant 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. However, given the group generates and holds significant balances of foreign currencies, the Group foreign exchange risk exposures are mitigated through natural hedging.

The Group's exposure to foreign exchange risk at the reporting date was primarily to the New Zealand Dollar (NZD) and Indonesian Rupiah (IDR) and was as follows (holdings are shown in AUD equivalent):

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

Note 20. Financial instruments (continued)

Consolidated 30 June 2020	NZD $'000	IDR $'000
Financial assets		
Trade and other receivables	41	21
Financial liabilities		
Trade and other payables	608	27
Lease liabilities	-	20

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 since April 1998 has received 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.

All gas contracts are fixed, 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.

(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, by keeping committed credit facilities available.

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.

Note 20. 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 payable (Note 15)	2,960	-	-	-
Lease liabilities	52	62	83	-

30 June 2020 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 payable (Note 15)	2,044	-	-	-
Lease liabilities	80	16	-	-

(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 including 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 21. 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)

Note 21. Key management personnel disclosures and related party disclosures (continued)

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

	Consolidated	
	2021	**2020**
Short term employment benefits (including non-monetary benefits)	493,134	492,544
Cash bonuses	64,260	91,800
Long term benefits	5,218	21,193
Post-employment benefits	33,560	33,459
Share-based payments	62,693	51,334
Total employee benefits	658,865	690,330

Other related party transactions

Repayment of amounts owing to the Company as at 30 June 2021 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 2020 and 2021 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 Offshore Limited, 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 2021, $661k was accrued for services rendered from the immediate parent company (2020: $99k).

Note 22. Auditors remuneration

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

	Consolidated	
	2021 **$**	**2020** **$**
Audit services - KPMG		
Audit or review of the financial statements	122,986	97,290
Other assurance services	8,280	8,280
	131,266	105,570
Other services - KPMG		
Australian advisory services	33,027	7,349
Tax compliance	12,938	12,500
Overseas advisory services	17,338	-
	63,303	19,849
	194,569	125,419

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

Note 23. Contingent assets and liabilities

The Directors are not aware of any contingent assets or contingent liabilities as at 30 June 2021 (2020: Nil).

Note 24. Commitments for expenditure

	Consolidated	
	2021 $'000	**2020 $'000**
*a) Exploration tenements**		
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	414	24,593
One to five years	-	-
	414	24,593
*b) Production development expenditure***		
The Group participates in a number of development projects that were in progress at the end of the period. These projects require the Group, either directly or through joint operation arrangements, to enter into contractual commitments for future expenditures.		
Within one year	2,319	817
One to five years	-	-
	2,319	817

* Cue has committed to Exploration and development expenditure as part of the Sales and Purchase agreement with Central Petroleum over the Mereenie, Palm Valley and Dingo fields announced 25 May 2021.
As of 30 June 2021, completion of the transaction was still outstanding and the expenditure has not been included in this table.

All commitments relate to Joint Operation projects.

** All development expenditure commitments relate to the development of oil and gas fields.

Note 25. 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	
	2021 $'000	**2020 $'000**
Loss after income tax	(4,588)	(2,501)
Total comprehensive income	(4,588)	(2,501)

Note 25. Parent entity information (continued)

Statement of financial position

	Parent	
	2021 $'000	**2020 $'000**
Total current assets	15,363	16,938
Total assets	17,624	21,364
Total current liabilities	1,058	504
Total liabilities	1,261	601
Equity		
Contributed equity	152,416	152,416
Options reserve	363	176
Accumulated losses	(136,418)	(131,828)
Total equity	16,361	20,764

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 2021 (2020: nil).

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 (2020: nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for the acquisition of capital assets as at 30 June 2021 (2020: nil).

Note 26. Shares in subsidiaries

Shares held by parent entity at the reporting date:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2020 %**	**2019 %**
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%	-
Cue Mereenie Pty Ltd**	Australia	100.00%	-
Cue Dingo Pty Ltd**	Australia	100.00%	-

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

* Shares held by Cue Mahakam Hilir Pty Ltd.
** New entities set-up by Cue Energy Resources Ltd, registered 21 May 2021.

Note 27. Interests in joint operations

Property	Operator	Cue Interest 2021 (%)	Cue Interest 2020 (%)	Permit expiry date
Petroleum exploration properties				
Carnarvon Basin – Western Australia				
WA-359-P	BP Developments Australia Pty Ltd	21.5*	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**	20	12/10/2022
Indonesia				
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100*	100	15/04/2021
Petroleum production properties				
New Zealand				
PMP38160	OMV New Zealand Limited	5	5	02/12/2027
Indonesia				
Sampang	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

*During the year, the terms of exploration permits WA-359-P and Mahakam Hilir PSC expired and were not renewed.
** Subsequent to the year end, the company has announced an intention to surrender exploration permit WA-409-P.

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 28. Events after the reporting period

On 25 May 2021, Cue announced the execution of a sale and purchase agreement with Central Petroleum Limited (Central) (ASX:CTP) to acquire interests in the Mereenie, Dingo and Palm Valley onshore gas and oil fields, all located in the Amadeus Basin, onshore in the Northern Territory, Australia.
On completion, Cue will acquire a 7.5% interest in the Mereenie gas and oil field (OL4 and OL5 production licences), a 15% interest in the Palm Valley gas field (OL3 production licence), and a 15% interest in the Dingo gas field (L7 Production Licence) with an effective date of 1 July 2020.

On 24 June 2021, NZOG shareholders voted 99.99% in favour of their entry into an agreement to also acquire interests in the fields from Central, which satisfied a key condition precedent of the transaction.

On 2 July 2021, the Company announced that it and NZOG had received a No Objection Notice from the Australian Foreign Investment Review Board in relation to the transaction to acquire Amadeus Basin Assets from Central Petroleum, which satisfied a key condition precedent, and on 28 July 2021 the Company held a general meeting of shareholders that approved the entry into deed of cross security with NZOG in relation to the transaction.

As of the date this report was signed, conditions precedent which remain to be satisfied include regulatory approval by the NT government, and assignment of major contracts.

On 30 July 2021, the Company released an independent resource report on the PB field in the Mahato PSC and announced that the PBE-1 well in the field had commenced production.

Note 29. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2021 $'000	2020 $'000
Profit/(loss) after income tax expense for the year	(12,743)	1,313
Adjustments for:		
Share-based payments	179	146
Abandonment provision expense	64	257
Impairment - production assets	-	2,722
Depreciation	76	73
Amortisation	2,804	4,140
Net (gain)/loss on foreign currency conversion	3,468	(95)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(2,627)	582
Decrease in inventories	21	545
Decrease in deferred tax assets	247	114
Increase/(decrease) in trade and other payables	916	(327)
(Decrease)/Increase in tax liabilities	(172)	(1,940)
Increase/(decrease) in deferred tax liabilities	959	111
Increase/(decrease) in provisions	(1,222)	(241)
Net cash from/(used in) operating activities	(8,030)	7,400

Note 30. Earnings per share

	Consolidated	
	2021 $'000	2020 $'000
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	(12,743)	1,313

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	1,692,411
Weighted average number of ordinary shares used in calculating diluted earnings per share	698,119,720	699,812,131

	Cents	Cents
Basic earnings/(loss) per share	(1.83)	0.19
Diluted earnings/(loss) per share	(1.83)	0.19

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 the Company, 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 31. Share-based payments

On 16 July 2020, the Company issued 3,743,260 unlisted options to eligible employee under the share option scheme. The options are exercisable at $0.117 (11.7 cents) per option, and will vest on 1 July 2021 and expire on 1 July 2025.

The options were valued using Black-Scholes option pricing model. $47,740 of share-based payment expense was recorded in relation to these options for the financial year ending 30 June 2021.

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

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

2020

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	4,277,888	-	-	(493,863)	3,784,025
04/10/2019	01/07/2024	$0.090	-	3,853,298	-	-	3,853,298
			4,277,888	3,853,298	-	(493,863)	7,637,323
Weighted average exercise price			$0.070	$0.090	$0.000	$0.070	$0.080

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
16/07/2020	01/07/2025	$0.110	$0.117	57.00%	-	0.43%	$0.051

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.

Note 31. Share-based payments (continued)

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 2021

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 2021 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

18 August 2021