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 21 August 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Summary of significant accounting policies

Cue Energy Resources Limited is a for-profit Public Company listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The financial statements are presented in Australian Dollars, which is the parent entity's functional currency. The financial report was authorised for issue by the Directors on the date the Directors' Declaration was signed.

(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 financial report 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 26.

(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 2019 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 the 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.

Note 2. Summary of significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest is the results in equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

(e) Cash and cash equivalents
For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(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) Property, plant and equipment

Class of Fixed Asset	Depreciation Rate
Office and computer equipment	20-40%

Property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a diminishing value basis so as to allocate the cost of each item of equipment over its expected economic life. The economic life of equipment has due regard to physical life limitations and to present assessments of economic recovery. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items. Gains and losses on disposal of property, plant and equipment are taken into account in determining the operating results for the year.

(h) Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

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.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Summary of significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(i) Rounding
The amounts contained in this financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financials and Directors Reports) instrument 2016/191. The Company is an entity to which the Class Order applies.

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

(k) 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.

(l) Foreign currency
Functional and presentation currency

The Group's relevant functional currency 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. Summary of 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 exchange rates at the month end; and
(c) all resulting exchange differences shall be recognised in other comprehensive income.

(m) 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.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments resulted in changes in accounting policies. There were no changes to the classification of financial instruments in the financial statements. The new accounting policies are set out below. In accordance with the transitional provisions in AASB 9 (7.2.15) and (7.2.26), comparative figures have not been restated. There is no impact on the groups opening retained earnings as at 1 July 2018.

(i) Trade Receivables
Trade 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.

The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in (ii) below.

(ii) Allowance for expected credit loss
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.

(iii) Trade and other payables
Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 2. Summary of significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. It has elected to adopt AASB 15 using the cumulative effect method, with any adjustment required when transitioning to the new standard being recognised on the 1 July 2018 (date of initial application) in retained earnings. Comparative figures have not been restated. There are no material changes in the Group's revenue recognition which means there have been no adjustments made to the opening retained earnings balance.

The accounting policies for revenue recognition are as follows:

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. Revenue from gas production is recognised during the month when gas is delivered to the buyer.

(n) New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019. The standard will affect primarily the accounting for the consolidated entity's operating leases. As at reporting date, the consolidated entity has non-cancellable operating leases commitments of $0.2 million (refer to note 25). Management has assessed the impact of the standard and the expected impacts are as follows:

- Increase in assets and liabilities amounting to $172,306 and $176,862 respectively.
- Increase in the loss position on the consolidated statement of comprehensive income in the amount of $4,555.
- It is not expected that there will be any net impact on the consolidated statement of cash flows.

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.

Note 3. Critical accounting estimates and judgements (continued)

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 resulting from unused tax losses 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 10).

(ii) Impairment of production properties
Production properties impairment testing requires an estimation of the value-in-use of the cash generating units to which deferred costs have been allocated. The value-in-use 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.

(iii) Useful life of production properties
As detailed at note 15 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 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.

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.

Note 4. Financial reporting by segments (continued)

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

2019	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
Revenue				
Revenue from continuing operations	-	10,836	14,894	25,730
Production expenses (excluding amortisation)	-	(5,343)	(2,386)	(7,729)
Gross profit (excluding amortisation)	-	5,493	12,508	18,001
Other revenue	1,986	1,070	2	3,058
Depreciation	(10)	-	-	(10)
Amortisation	-	(2,986)	(1,366)	(4,352)
Exploration and evaluation expenditure	(1,133)	-	(1,043)	(2,176)
Other expenditure	(2,416)	-	-	(2,416)
Share-based payments	(34)	-	-	(34)
Foreign exchange movement	858	(496)	423	785
Profit/(loss) before income tax expense	(749)	3,081	10,524	12,856

2018	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
Revenue				
Revenue from continuing operations	-	10,616	13,931	24,547
Production expenses (excluding amortisation)	-	(5,058)	(6,038)	(11,096)
Gross profit (excluding amortisation)		5,558	7,893	13,451
Other revenue	431	-	1	432
Depreciation	(14)	-	-	(14)
Amortisation	-	(3,836)	(1,594)	(5,430)
Exploration and evaluation expenditure	(336)	-	(1,173)	(1,509)
Other expenditure	(2,347)	-	-	(2,347)
Foreign exchange movement	519	(312)	268	475
Profit/(loss) before income tax expense	(1,747)	1,410	5,395	5,058

Note 4. Financial reporting by segments (continued)

	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
TOTAL SEGMENT ASSETS				
Current Assets	23,822	1,487	7,185	32,494
Non-current Assets	21	20,906	10,044	30,971
Total 30 June 2019 Assets	**23,843**	**22,393**	**17,229**	**63,465**
Current Assets	17,027	2,414	5,654	25,095
Non-current Assets	24	22,538	7,009	29,571
Total 30 June 2018 Assets	**17,051**	**24,952**	**12,663**	**54,666**
TOTAL SEGMENT LIABILITIES				
Current Liabilities	218	905	5,092	6,215
Non-current Liabilities	101	10,722	5,018	15,841
Total 30 June 2019 Liabilities	**319**	**11,627**	**10,110**	**22,056**
Current Liabilities	353	1,392	6,725	8,471
Non-current Liabilities	41	9,760	3,124	12,925
Total 30 June 2018 Liabilities	**394**	**11,152**	**9,849**	**21,396**

Major customers

The Group has a number of customers to whom it provides both oil and gas products. The Group supplies a single external customer in the gas segment who accounts for 100% of external gas revenue (2018: 100%).

Note 5. Production costs

	Consolidated	
	2019 $'000	**2018 $'000**
Production costs	(7,729)	(11,096)
Amortisation of production properties	(4,352)	(5,430)
	(12,081)	(16,526)

Note 6. Other income

	Consolidated	
	2019 $'000	2018 $'000
Interest from cash and cash equivalents	381	173
Maari insurance refund	1,070	-
Other income	65	259
Reimbursement of Ironbark back costs	1,542	-
	3,058	432

Accounting policy for other income

Other income is recognised in profit or loss at the fair value of the consideration received or receivable, net of GST, when the significant risks and rewards of ownership have been transferred to the buyer or when the service has been performed.

The gain or loss arising on disposal of a non-current asset is recognised at the date control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Accounting policy for interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the net carrying amount of the financial asset.

Note 7. Impairment - Production

At 30 June 2019 the Group reassessed the carrying amount of its oil and gas assets, Production Properties (refer note 15), for indicators of impairment such as changes in future prices, future costs and reserves. As a result, the recoverable amounts of cash-generating units were formally reassessed. There was no impairment over the production assets for the year ended 30 June 2019.

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. The pre-tax discount rates applied were 14.3% (2018: 14.3%) equivalent to post-tax discount rates of 10% (2018:10%) depending on the nature of the risks specific to each asset.

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.

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 8. Administration expenses

	Consolidated	
	2019 $'000	2018 $'000
Depreciation of property, plant and equipment	10	14
Employee expenses	1,329	1,224
Superannuation contribution expense	67	100
Operating lease expenses	147	341
Other expenses	759	564
Business development expenses	114	118
Total administration expenses	2,426	2,361

Note 9. Exploration and evaluation expenditure

	Consolidated	
	2019 $'000	2018 $'000
Exploration Costs Expensed		
Sampang PSC	28	147
Mahakam Hilir PSC	806	821
Mahato PSC	209	205
WA-359-P	899	206
WA-389-P	148	60
WA-409-P	86	70
Total exploration and evaluation expenditure	2,176	1,509

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

Note 10. Income tax expense/(benefit)

	Consolidated	
	2019 $'000	2018 $'000
Income tax expense/(benefit)		
Current tax	3,678	2,970
Adjustment recognised for current tax in prior periods	3	(2,571)
Deferred tax – origination and reversal of temporary differences(i)	626	(3,080)
Aggregate income tax expense/(benefit)	4,307	(2,681)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax (expense)/benefit	12,856	5,058
Tax at the statutory tax rate of 30%	3,857	1,517
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unrealised foreign exchange movements	(186)	(168)
Unrecognised temporary differences	(930)	(1,200)
Unrecognised tax losses	672	1,794
Recognition of deferred tax (assets)/liabilities (ii)	1,495	(2,733)
Difference in overseas tax rates	(614)	680
Share-based payments	10	-
	4,304	(110)
Adjustment recognised for current tax in prior periods	3	(2,571)
Income tax expense/(benefit)	4,307	(2,681)
(i) Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(269)	(2,733)
Increase/(decrease) in deferred tax liabilities (note 16)	895	(347)
Deferred tax – origination and reversal of temporary differences	626	(3,080)

(ii) During the current year, the consolidated entity capitalised Paus Biru-1 exploration well drilling costs pending the determination of the success of the well. As a result, a deferred tax liability of $1.5 million was recognised in the financial statements.

During the prior year there was a change in New Zealand tax laws which now allow a refundable credit for activities to restore certain sites to their original condition. The deferred tax asset of $2.7 million relating to the Maari restoration provision, which was previously not recognised in the financial statements, had been recognised as at 30 June 2018.

	Consolidated	
	2019 $'000	2018 $'000
Current tax liabilities	4,227	4,946

Cue 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 10. Income tax expense/(benefit) (continued)

	Consolidated	
	2019 $'000	2018 $'000
Deferred tax assets recognised		
Restoration provision - Maari	3,002	2,733

	Consolidated	
	2019 $'000	2018 $'000
Deferred tax not recognised		
Deferred tax not recognised comprises temporary differences attributable to:		
Employee provisions	55	33
Tax losses	34,079	34,333
Less deferred tax liabilities not recognised - Production properties	(1,570)	(901)
Less deferred tax liabilities not recognised - Inventories	(281)	(156)
Net deferred tax not recognised	32,283	33,309

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

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.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Assets or liabilities arising under tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 11. Current assets - cash and cash equivalents

	Consolidated	
	2019 $'000	2018 $'000
Unrestricted		
Operating accounts	14,671	16,983
Restricted		
WA-359-P Drilling Programme Account	11,523	-
Total as disclosed in the statement of cash flows	26,194	16,983

The WA-359-P drilling programme account represents cash held by the entity as required under the funding arrangement of the WA-359-P joint agreement and is not available as free cash for the purposes of the group's operations until BP Developments Australia Pty Ltd, as the operator, draws down on the balance for the purposes of the drilling work programme agreed by all parties.

Accounting policy for cash and cash equivalents

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 12. Current assets - trade and other receivables

	Consolidated	
	2019 $'000	2018 $'000
Trade receivables	1,249	3,639
Other receivables and prepayments	4,048	3,954
	5,297	7,593

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 2019 (2018: Nil).

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

	Consolidated	
	2019 $'000	2018 $'000
Less than one month	591	2,850
1 to 6 months overdue, not impaired	658	789
	1,249	3,639

Note 12. Current assets - trade and other receivables (continued)

Trade receivables are non-interest-bearing and settlement terms are generally within 30 days.

Trade receivables are neither past due nor impaired and relate to a number of independent customers for whom there is no recent history of default.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2019 $'000	2018 $'000
Opening balance	-	38
Receivables written off during the year as uncollectable	-	(38)
Closing balance	-	-

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 13. Non-current assets - exploration and evaluation assets

	Consolidated	
	2019 $'000	2018 $'000
Exploration and evaluation - Paus Biru-1 exploration well	3,401	-

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) process for the Paus Biru discovery is progressing, with the operator undertaking the required post well technical work to include in a POD application. Nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved.

Note 14. Non-current assets - production properties

	Consolidated	
	2019 $'000	2018 $'000
Production properties	24,547	26,814

Note 14. 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	Total $'000
Balance at 1 July 2017	30,082
Expenditure during the year	2,640
Amortisation expense from operations	(5,430)
Changes in abandonment provision – production	(478)
Balance at 30 June 2018	26,814
Expenditure during the year	901
Changes in abandonment provision – production (note 17)	1,184
Amortisation expense	(4,352)
Balance at 30 June 2019	24,547

	Consolidated	
	2019 $'000	2018 $'000
Net accumulated cost incurred on areas of interest		
Joint operation assets		
Oyong and Wortel - Sampang PSC	6,642	7,009
Maari - PMP 38160	17,905	19,805
Balance as at 30 June 2019	24,547	26,814

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 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 forward market prices where available. The recoverable amount of other assets is the greater of their net selling price and value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-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.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2019 $'000	2018 $'000
Trade payables and accruals	1,893	3,414
Amounts due to directors and director related entities	14	42
	1,907	3,456

Refer to note 21 for further information on financial instruments.

The Directors consider the carrying amount of payables reflect their fair values. Trade creditors are generally settled within 30 days.

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 - deferred tax liabilities

	Consolidated	
	2019 $'000	2018 $'000
Deferred tax liability recognised comprise of		
Sampang:		
Production properties	2,923	3,084
Exploration and evaluation assets	1,495	-
Restoration provision offset	(471)	(32)
Deferred tax liability	3,947	3,052

Note 17. Non-current liabilities - provisions

	Consolidated	
	2019 $'000	2018 $'000
Employee benefits	101	41
Restoration	11,793	9,832
	11,894	9,873

Movements in each class of provision during the financial year are set out below:

Consolidated - 2019	Employee Benefits $'000	Restoration $'000
Carrying amount at the start of the year	41	9,832
Balance sheet movement* (note 14)	-	1,184
P&L movement	60	777
Carrying amount at the end of the year	101	11,793

*The changes in abandonment provision includes $1 million from Sampang due to increased cash call for cost of future rehabilitation and $0.2 million from Maari due to changes in discount rate, inflation rate and economic cut off of the field.

Note 17. Non-current liabilities - provisions

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
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. Expected timing of outflow of restoration liabilities is not within the next 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 18. Equity - contributed equity

	Consolidated			
	2019 Shares	2018 Shares	2019 $'000	2018 $'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 19. 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 also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

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, issue new shares or sell assets to reduce debt.

During 2019 management did not pay any dividends (2018: nil).

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

The gearing ratios for the years ended 30 June 2019 and 30 June 2018 are calculated as follows:

	Consolidated	
	2019 $'000	2018 $'000
Trade and other payables	(1,907)	(3,456)
Tax liabilities	(4,227)	(4,946)
Less cash and cash equivalents	14,671	16,983
Total Equity	41,409	33,270
Total capital	49,946	41,851

The gearing ratio is nil for both 2018 and 2019 financial year, as the Group does not have external debt other than trade payables and tax liabilities.

Note 20. Equity - reserves

	Consolidated	
	2019 $'000	2018 $'000
Foreign currency reserve	(784)	(340)
Options reserve	34	-
	(750)	(340)

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 2017	-	-	-
Foreign currency translation	(340)	-	(340)
Balance at 30 June 2018	(340)	-	(340)
Foreign currency translation	(444)	-	(444)
Share-based payments	-	34	34
Balance at 30 June 2019	(784)	34	(750)

Note 21. 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 rate, foreign exchange and commodity prices. These risks are summarised below.

Primary responsibility for identification and control of financial risks rests with the Chief Financial Officer under the authority of the Board. The Board reviews and agrees management's assessment for managing each of the risks identified below.

The carrying amounts and net fair values of the economic entity's financial assets and liabilities at the reporting date are:

	Carrying amount		Net fair value	
	2019	2018	2019	2018
CONSOLIDATED	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Cash and cash equivalents*	26,194	16,983	26,194	16,983
Trade and other receivables	5,297	7,593	5,297	7,593
Non-traded financial assets	31,491	24,576	31,491	24,576
Financial liabilities				
Trade and other payables	1,907	3,456	1,907	3,456
Tax liabilities	4,227	4,946	4,227	4,946
Non-traded financial liabilities	6,134	8,402	6,134	8,402

*inclusive of restricted balances

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 note 2. In all instances the fair value of financial amounts and liabilities approximates to their carrying value.

Basis for determining fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Note 21. Financial instruments (continued)

Trade and other receivables

The carrying value less impairment provision of trade receivables is a reasonable approximation of their fair values due to the short-term nature of trade and other receivables.

Financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Where these cash flows are in a foreign currency the present value is converted into Australian dollars at the foreign exchange spot rate prevailing at the reporting date.

The carrying value of trade payables is a reasonable approximation of their fair values due to the short term nature of trade payables.

(b) Interest rate risk

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

At the reporting date, the Group had the following financial assets exposed to Australian and overseas variable interest rate risk that are not designated in cash flow hedges:

	Consolidated	
	2019 $'000	2018 $'000
Cash and cash equivalents, inclusive of restricted balances	26,194	16,983

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 following sensitivity analysis is based on the interest rate opportunity/risk in existence at the reporting date.

Based upon the balance of net exposure at the year end, if interest rates changed by +/-1%, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	Consolidated	
	2019 $'000	2018 $'000
Impact on post-tax profit		
Interest rates +1%	262	170
Interest rates -1%	(262)	(170)
Impact on equity		
Interest rates +1%	262	170
Interest rates -1%	(262)	(170)

A movement of +1% and – 1% is selected because this is historically within a range of rate movements and available economic data suggests this range is reasonable.

Note 21. Financial instruments (continued)

(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, in particular United States dollars. However, given the group generates and holds significant balances of foreign currencies, the Group foreign exchange risk exposures are mitigated through naturally hedging.

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

	30 June 2019			30 June 2018		
	USD	NZD	IDR	USD	NZD	IDR
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables	5,033	127	9	7,215	65	15
Financial liabilities						
Trade and other payables	957	794	10	2,017	1,093	41
Tax liabilities	4,227	-	-	4,946	-	-

At the reporting date, if the currencies set out in the table above, strengthened or weakened against the Australian dollar by the percentage shown, with all other variables held constant, net profit for the year would (decrease)/increase and net assets would (decrease)/increase by:

				Consolidated 2019
	USD	NZD	IDR	TOTAL
	$'000	$'000	$'000	$'000
Impact on post-tax profit				
Exchange rates +10%	(15)	(67)	-	(82)
Exchange rates -10%	15	67	-	82
Impact on equity				
Exchange rates +10%	(15)	(67)	-	(82)
Exchange rates -10%	15	67	-	82

				Consolidated 2018
	USD	NZD	IDR	TOTAL
	$'000	$'000	$'000	$'000
Impact on post-tax profit				
Exchange rates +10%	25	(103)	(2)	(80)
Exchange rates -10%	(25)	103	2	80
Impact on equity				
Exchange rates +10%	25	(103)	(2)	(80)
Exchange rates -10%	(25)	103	2	80

Note 21. Financial instruments (continued)

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.

The Group is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars. The Group may enter into commodity crude oil price swap and option contracts to manage its commodity price risk.

At 30 June 2019, the Group had no open oil price swap contracts (2018: nil).

If the US dollar oil price changed by +/-20% from the average oil price during the year, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	Consolidated	
	2019 $'000	**2018 $'000**
Impact on post-tax profit		
US dollar oil price +20%	2,167	2,123
US dollar oil price -20%	(2,167)	(2,123)
Impact on post-tax equity		
US dollar oil price +20%	2,167	2,123
US dollar oil price -20%	(2,167)	(2,123)

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of + 20% and – 20% is selected because a review of historical oil price movements and economic data suggests this range is reasonable.

(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 more than sufficiently solvent to meet its payment obligations in full as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. 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. Estimated variable interest expense is based upon appropriate yield curves existing as at 30 June 2019.

Note 21. Financial instruments (continued)

	12 months or less	1 to 2 years	2 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000
Consolidated 2019				
Non-derivative financial liabilities				
Trade and other payable (Note 16)	1,907	-	-	-
Consolidated 2018				
Non-derivative financial liabilities				
Trade and other payables	3,456	-	-	-

(f) Credit risk

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents 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.

At the reporting date there are no significant concentrations of credit risk within the Group.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

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 22. Key management personnel disclosures and related party disclosures

Other key management personnel
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	
	2019	2018
Short term employment benefits (including non-monetary benefits)	485,768	471,206
Cash bonuses	112,200	25,774
Post employment benefits	43,222	27,988
Share-based payments	10,307	-
Total employee benefits	651,497	524,968

Note 22. Key management personnel disclosures and related party disclosures (continued)

Other related party transactions

Repayment of amounts owing to the Company as at 30 June 2019 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 2018 and 2019 financial year.

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

Note 23. Auditors remuneration

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company:

	Consolidated	
	2019 $	**2018 $**
Audit services - BDO East Coast Partnership		
Audit or review of the financial statements	117,857	114,799
Other services - BDO East Coast Partnership		
Advisory services	-	375
Tax compliance	10,000	20,000
	10,000	20,375
	127,857	135,174

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

Note 24. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 30 June 2019 (2018: Nil).

Cue Energy Resources Limited and Cue Resources Inc. were named as defendants, along with a number of other companies, in litigation pending in Texas, USA in relation to the Pine Mills oilfield. On March 27, 2019 the court dismissed the claims against Cue in their entirety. On April 26, 2019, the plaintiff filed an amended lawsuit against Cue and the other defendants. Cue has filed a motion to dismiss, which is now pending in U.S. court.

Note 25. Commitments for expenditure

	Consolidated	
	2019 $'000	2018 $'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	1,645	34,800
One to five years	27,033	-
	28,678	34,800
*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 venture arrangements, to enter into contractual commitments for future expenditures.		
Within one year	706	-
*c) Operating lease commitments****		
Non-cancellable operating lease are payable as follows:		
Within one year	90	122
One to five years	99	2
	189	124

* If the economic entity decides to relinquish certain tenements and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review in order to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties could potentially reduce or extinguish these obligations.

All commitments relate to Joint Operation projects.

$27 million included in "one to five years" category refers to the total Cue commitment for the Ironbark well. Approximately $16 million will be funded by joint venture partners, with the remaining $11 million funded from Cue's cash reserves which have been escrowed for this purpose (refer to note 11).

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

*** The operating lease commitments consist of the following:

- Property lease at Level 3, 10-16 Queen Street Melbourne renewed on 1 October 2018 and will expire on 30 September 2021.
- Property lease for Indonesian office renewed on 1 April 2019 and will expire on 31 March 2021.
- Minor lease commitment on printer.

Accounting policy for leases

Operating leases are leases which the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased asset. Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis over the term of the lease.

Note 26. 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	
	2019 $'000	2018 $'000
Loss after income tax	(1,390)	(1,403)
Total comprehensive income	(1,390)	(1,403)

Statement of financial position

	Parent	
	2019 $'000	2018 $'000
Total current assets	12,214	17,009
Total assets	23,404	24,853
Total current liabilities	200	353
Total liabilities	301	394
Equity		
Contributed equity	152,416	152,416
Options reserve	34	-
Accumulated losses	(129,346)	(127,957)
Total equity	23,104	24,459

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for the acquisition of capital assets as at 30 June 2019 (2018: nil).

Lease commitments
The parent entity has no commitments in relation to leases as at 30 June 2019 other than disclosed in note 25.

Note 27. Shares in subsidiaries

Shares held by parent entity at the reporting date:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	2018 %
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%

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

* Shares held by Cue Mahakam Hilir Pty Ltd

Note 28. Interests in joint operations

Property	Operator	Cue Interest (%)	Gross Area (km2)	Net Area (km2)	Permit expiry date
Petroleum exploration properties					
Carnarvon Basin – Western Australia					
WA-359-P	BP Developments Australia Pty Ltd	21.5	645	645	25/04/2021
WA-389-P	Cue Exploration Pty Ltd	100	1,939	775.60	08/10/2020
WA-409-P	BP Developments Australia Pty Ltd	20	565	169.50	20/07/2021
Indonesia					
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100	222.14	88.90	12/05/2020
Mahato PSC	Texcal Mahato EP Ltd	12.50	5,600	700	19/06/2020
Petroleum production properties					
New Zealand					
PMP38160	OMV New Zealand Limited	5	80.18	4	02/12/2027
Madura - Indonesia					
Sampang	Ophir Indonesia (Sampang) Pty Ltd	15 (8.18 Jeruk Field)	534.50	80.20	04/12/2027

Note 28. Interests in joint operations (continued)

Information relating to joint operations that are material to the consolidated entity are set out below:

	2019 $'000	2018 $'000
Summarised statement of financial position		
Cash and cash equivalents	5	5
Receivables	1,478	3,930
Inventory	1,003	519
Deferred tax assets	3,002	2,733
Production Properties (note 14)	24,547	26,814
Exploration and evaluation assets (note 13)	3,401	-
Total assets	33,436	34,001
Payables	1,757	3,112
Current tax liabilities	457	1,370
Restoration provisions	11,793	9,832
Deferred tax liabilities	3,948	3,052
Total liabilities	17,955	17,366
Net assets	15,481	16,635
Summarised statement of profit or loss and other comprehensive income		
Production income	25,730	24,547
Production expenses	(7,223)	(9,881)
Exploration and evaluation expenditure	(1,222)	-
Profit before income tax	17,285	14,666
Other comprehensive income	-	-
Total comprehensive income	17,285	14,666

Refer to note 24 in relation to contingent liabilities of the Group.

Commitments for expenditure are disclosed in note 25.

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 29. Events after the reporting period

On 29 July 2019, the consolidated entity issued 4,277,888 unlisted options to eligible employees for services rendered from 1 July 2018, exercisable at $0.07 (7 cents). The options will vest on 1 July 2021 and expire on 1 July 2023.

No other matter or circumstance has arisen since 30 June 2019 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 30. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2019 $'000	2018 $'000
Profit after income tax (expense)/benefit for the year	8,549	7,739
Adjustments for:		
Share-based payments	34	-
Abandonment provision expense	777	495
Depreciation	10	14
Amortisation	4,352	5,430
Net gain on foreign currency conversion	(1,141)	(728)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,296	(3,222)
Decrease/(increase) in inventories	(484)	28
Increase in deferred tax assets	(269)	(2,733)
Decrease in trade and other payables	(1,549)	(475)
(Decrease)/Increase in tax liabilities	(719)	1,004
Increase/(decrease) in deferred tax liabilities	895	(348)
Increase/(decrease) in provisions	72	(372)
Net cash from operating activities	12,823	6,832

Note 31. Earnings per share

	Consolidated	
	2019 $'000	2018 $'000
Profit after income tax attributable to the owners of Cue Energy Resources Limited	8,549	7,739
	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
	Cents	Cents
Basic earnings per share	1.22	1.11
Diluted earnings per share	1.22	1.11

Note 31. Earnings per share (continued)

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 32. Share-based payments

On 29 July 2019, the consolidated entity issued 4,277,888 unlisted options to eligible employee under the share option scheme. The options are exercisable at $0.07 (7 cents) per option, and will vest on 1 July 2021 and expire on 1 July 2023.

Under IG4, which is set out in the Appendix to AASB 2 Share Based Payments, the service commencement date of these options were deemed to be 1 July 2018. The options were valued using Black-Scholes option pricing model. $34,255 of share-based payment expense was recorded in relation to these options for the financial year ending 30 June 2019.

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

2019

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
01/07/2018	01/07/2023	$0.07	-	4,277,888	-	-	4,277,888
			-	4,277,888	-	-	4,277,888
Weighted average exercise price			$0.00	$0.07	$0.00	$0.00	$0.07

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
01/07/2018	01/07/2023	$0.06	$0.07	53.00%	-	2.25%	$0.024

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.

Note 32. Share-based payments (continued)

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.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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.