Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $'000	2017 $'000
Revenue			
Production revenue from continuing operations		24,547	35,000
Production costs	5	(16,526)	(21,860)
Gross profit from production		8,021	13,140
Other income	6	432	219
Net foreign currency exchange gain/(loss)		475	(451)
Expenses			
Impairment - Production	7	-	(6,386)
Exploration and evaluation expenditure	9	(1,509)	(8,369)
Administration expenses	8	(2,361)	(5,128)
Profit/(loss) before income tax benefit/(expense) from continuing operations		5,058	(6,975)
Income tax benefit/(expense)	10	2,681	(8,057)
Profit/(loss) after income tax benefit/(expense) from continuing operations		7,739	(15,032)
Loss after income tax expense from discontinued operations	11	-	(2,312)
Profit/(loss) after income tax benefit/(expense) for the year		7,739	(17,344)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(340)	(42)
Reversal of Non-Controlling interest		-	669
Other comprehensive income for the year, net of tax		(340)	627
Total comprehensive income for the year		7,399	(16,717)
Profit/(loss) for the year is attributable to:			
Owners of Cue Energy Resources Limited		7,739	(17,299)
Non-controlling interest		-	(45)
		7,739	(17,344)
Total comprehensive income for the year is attributable to:			
Owners of Cue Energy Resources Limited			
Continuing operations		7,399	(14,405)
Discontinued operations		-	(2,267)
		7,399	(16,672)
Non-controlling interest			
Continuing operations		-	-
Discontinued operations		-	(45)
Non-controlling interest		-	(45)
		7,399	(16,717)

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

	Note	Consolidated 2018 $'000 Cents	Consolidated 2017 $'000 Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	29	1.11	(2.15)
Diluted earnings per share	29	1.11	(2.15)
Earnings per share for loss from discontinued operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	29	-	(0.32)
Diluted earnings per share	29	-	(0.32)
Earnings per share for profit/(loss) attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	29	1.11	(2.48)
Diluted earnings per share	29	1.11	(2.48)

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 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Assets			
Current assets			
Cash and cash equivalents		16,983	12,420
Trade and other receivables	12	7,593	4,372
Inventories		519	547
Total current assets		25,095	17,339
Non-current assets			
Property, plant and equipment		24	38
Production properties	13	26,814	30,082
Deferred tax assets	10	2,733	-
Total non-current assets		29,571	30,120
Total assets		54,666	47,459
Liabilities			
Current liabilities			
Trade and other payables	14	3,456	3,931
Tax liabilities	10	4,946	3,942
Provisions	16	69	475
Total current liabilities		8,471	8,348
Non-current liabilities			
Deferred tax liabilities	15	3,052	3,401
Provisions	16	9,873	9,839
Total non-current liabilities		12,925	13,240
Total liabilities		21,396	21,588
Net assets		33,270	25,871
Equity			
Contributed equity	17	152,416	152,416
Reserves		(340)	-
Accumulated losses		(118,806)	(126,545)
Total equity		33,270	25,871

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

Consolidated	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2016	152,416	42	(109,246)	(624)	42,588
Loss after income tax expense for the year	-	-	(17,299)	(45)	(17,344)
Other comprehensive income for the year, net of tax	-	(42)	-	669	627
Total comprehensive income for the year	-	(42)	(17,299)	624	(16,717)
Balance at 30 June 2017	152,416	-	(126,545)	-	25,871

Consolidated	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2017	152,416	-	(126,545)	-	25,871
Profit after income tax benefit for the year	-	-	7,739	-	7,739
Other comprehensive income for the year, net of tax	-	(340)	-	-	(340)
Total comprehensive income for the year	-	(340)	7,739	-	7,399
Balance at 30 June 2018	152,416	(340)	(118,806)	-	33,270

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

	Note	Consolidated 2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		25,682	35,608
Interest received		172	160
Payments to suppliers (inclusive of GST)		(13,666)	(16,312)
Exploration and evaluation expenditure		(1,832)	(13,900)
Income tax paid		(2,972)	(6,736)
Royalties paid		(552)	(470)
Net cash from/(used in) operating activities	28	6,832	(1,650)
Cash flows from investing activities			
Payments with respect to production properties		(2,766)	(6,434)
Payments for plant and equipment		-	(11)
Proceeds from disposal of investments		-	974
Net cash used in investing activities		(2,766)	(5,471)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		4,066	(7,121)
Cash and cash equivalents at the beginning of the financial year		12,420	20,490
Effects of exchange rate changes on cash and cash equivalents		497	(949)
Cash and cash equivalents at the end of the financial year		16,983	12,420

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 24 August 2018. 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 24.

Note 2. Summary of significant accounting policies (continued)

(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 2018 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.

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) Revenue recognition
Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is recognised and measured at the fair value of the consideration or contributions received, net of goods and service tax ("GST"), to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sales Revenue
Sales revenue is recognised on the basis of the Group's interest in a producing field ("entitlements" method), when the physical product and associated risks and rewards of ownership pass to the purchaser, which is generally at the time of ship or truck loading, or in certain instances the product entering the pipeline.

Revenue earned under a production sharing contract ("PSC") is recognised on a net entitlements basis according to the terms of the PSC.

(f) 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.

(g) 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.

Note 2. Summary of significant accounting policies (continued)

(h) 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.

(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 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 2018. 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 9 Financial Instruments
The consolidated entity holds the following financial instruments (refer note 19):
- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables

The classification of its financial instruments will not change under the new accounting standard. Therefore, management does not expect the adoption of this accounting standard will have a material impact on the Group's financial performance.

AASB 15 Revenue from Contracts with Customers
Management performed detailed assessment using the five step model to determine the potential impact consequential to AASB 15 adoption.

Step 1: Identify the contracts with the customers and consider the potential combination of contracts.
The consolidated entity holds contracts with operators, joint venture partners and customers in Indonesia and New Zealand where production income is generated.

Step 2: Identify separate performance obligations
Crude oil - the contract indicates a principal agency relationship between the consolidated entity and the buyer, whether the buyer ensures to sell crude oil lifted for the consolidated entity. The performance obligation is to provide crude oil for passage to the permanent flange connection of the receiving vessel. This constitutes a single performance obligation.

Gas - the sales contract indicates the performance obligation is to deliver gas to the buyer at agreed delivery pressure. This constitutes a single performance obligation.

Step 3: Determine the transaction price
Crude oil - the consolidated entity entitles to receive sales revenue from each cargo of crude oil at a price agreed with 3rd party and the operator. This constitutes as a fixed price consideration.

Gas - the transaction price for delivering performance obligation is predetermined in the sales contract.

Step 4: Allocate the transaction price
The transaction price is allocated 100% to the single performance obligation.

Step 5: Recognise revenue when a performance obligation is satisfied
Crude Oil: the performance obligation is satisfied at a point in time when crude oil is delivered to the buyer.

Gas: the performance obligation is satisfied during the month when gas is delivered to the buyer.

The assessment indicates that the pattern of revenue recognition will retain the same under *AASB 15 Revenue from Contracts with Customers* as it has been recognised under *AASB 118 Revenue*. Therefore management does not believe the adoption of this accounting standard will have any impact to revenue recognition.

AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019)
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 $0.1 million (refer to note 23). Management does not expect the adoption of this accounting standard will have a material impact on the consolidated entity's financial position.

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 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. $2.73 million deferred tax assets on Maari restoration provision were recognised as at 30 June 2018 (2017: Nil) (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 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 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 primarily in Australia but also has international operations in Indonesia and New Zealand. On 18 December 2017, the Group deregistered its wholly owned subsidiary, Cue Resources Inc. The remaining debtor was fully written off. Therefore, the Group is organised into 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.

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

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
Impairment - production	-	-	-	-
Exploration and evaluation expenditure	(336)	-	(1,173)	(1,509)
Foreign exchange movement	519	(312)	268	475
Earnings before interest expense, tax, depreciation and amortisation	(1,732)	5,245	6,989	10,502

2017	Australia $'000	NZ $'000	Indonesia $'000	USA* $'000	Disc. Ops USA* $'000	Total $'000
Revenue						
Revenue from continuing operations	-	10,485	24,515	-	-	35,000
Revenue from discontinuing operations	-	-	-	-	593	593
Production expenses (excluding amortisation)	-	(5,708)	(9,756)	(34)	(845)	(16,343)
Gross profit (excluding amortisation)	-	4,777	14,759	(34)	(252)	19,250
Other revenue	215	-	4	-	123	219
Impairment - production	-	(6,386)	-	-	-	(6,386)
Exploration and evaluation expenditure	(2,490)	6	(5,885)	-	-	(8,369)
Foreign exchange movement	(407)	-	(34)	(10)	29	(422)
Earnings before interest expense, tax, depreciation and amortisation	(7,780)	(1,603)	8,844	(44)	(2,252)	(2,835)

* discontinued operations

Note 4. Financial reporting by segments (continued)

	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
TOTAL SEGMENT ASSETS				
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**
Current Assets	10,448	1,923	4,968	17,339
Non-current Assets	38	21,857	8,225	30,120
Total 30 June 2017 Assets	**10,486**	**23,780**	**13,193**	**47,459**
TOTAL SEGMENT LIABILITIES				
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**
Current Liabilities	1,680	1,079	5,589	8,348
Non-current Liabilities	24	9,500	3,716	13,240
Total 30 June 2017 Liabilities	**1,704**	**10,579**	**9,305**	**21,588**

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 (2017: 100%).

Reconciliation of earnings before interest expense, tax, depreciation and amortisation (EBITDA) to Profit/(Loss) before Income Tax:

	Consolidated	
	2018 $'000	**2017 $'000**
EBITDA	10,502	(2,835)
Depreciation	(14)	(32)
Amortisation	(5,430)	(6,420)
Profit/(Loss) before income tax expense (including discontinued operations)	5,058	(9,287)

Note 5. Production costs

	Consolidated	
	2018 $'000	**2017 $'000**
Production costs	(11,096)	(15,498)
Amortisation of production properties	(5,430)	(6,362)
	(16,526)	(21,860)

Note 6. Other income

	Consolidated	
	2018 $'000	2017 $'000
Interest from cash and cash equivalents	173	154
Other income	259	65
	432	219

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 2018 the Group reassessed the carrying amount of its oil and gas assets, Production Properties (refer note 13), 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 2018.

In 2017 financial year, the Maari production asset was impaired by $6.39m to ensure that its closing carrying value of $21.86 million less the abandonment provision of $9.5 million was less than its recoverable value of $12.36 million. The abandonment provision was deducted from the carrying value of the asset as the cost of abandonment was included in its cost base. This adjustment was necessary to allow an equitable comparison of its carrying value against its recoverable value.

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% (2017: 14.3%) equivalent to post-tax discount rates of 10% (2017:10%) 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	
	2018 $'000	2017 $'000
Depreciation of property, plant and equipment	14	32
Employee expenses*	1,232	3,647
Superannuation contribution expense	100	169
Operating lease expenses	341	290
Other expenses	556	808
Business development expenses	118	182
Total administration expenses	2,361	5,128

*2017 balance includes one off office restructuring costs of $1.75 million.

Note 9. Exploration and evaluation expenditure

	Consolidated	
	2018 $'000	2017 $'000
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
Exploration Costs Expensed		
Sampang PSC	147	3,953
Mahakam Hilir PSC	821	1,768
Mahato PSC	205	164
WA-359-P	206	162
WA-389-P	60	311
WA-409-P	70	2,017
PEP51313	-	(25)
PEP54865	-	19
Total exploration and evaluation expenditure	1,509	8,369

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. From the 2016 financial year, the Group elected to expense all exploration and evaluation expenditure against profit and loss as incurred, until a decision to proceed to development is made, in which case the expenditure is capitalised as an asset.

Note 10. Income tax expense

	Consolidated 2018 $'000	Consolidated 2017 $'000
Income tax expense		
Current tax	2,970	6,564
Adjustment recognised for current tax in prior periods	7	(319)
Current tax (reversal)/recognition related to Cue Kalimantan	(2,578)	2,578
Deferred tax	(3,080)	(766)
Aggregate income tax (benefit)/expense	(2,681)	8,057
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax expense/(benefit) from continuing operations	5,058	(6,975)
Loss before income tax expense from discontinued operations	-	(2,312)
	5,058	(9,287)
Tax at the statutory tax rate of 30%	1,517	(2,786)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unrealised foreign exchange movements	(168)	119
Non-deductible / (deductible) mining deductions	-	54
Unrecognised temporary differences	(1,200)	906
Unrecognised tax losses	1,794	4,180
Recognition of deferred tax assets (i)	(2,733)	-
Difference in overseas tax rates	680	3,325
	(110)	5,798
Adjustment recognised for current tax in prior periods	(2,571)	2,259
Income tax (benefit)/expense	(2,681)	8,057

(i) During the 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, has been recognised as at 30 June 2018.

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.

Current tax liabilities	4,946	3,942

	Consolidated 2018 $'000	Consolidated 2017 $'000
Deferred tax assets recognised		
Restoration provision - Maari	2,733	-
Total deferred tax assets recognised	2,733	-

Note 10. Income tax expense (continued)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Restoration provision	-	2,660
Employee provisions	33	150
Tax losses	34,333	27,712
Less deferred tax liabilities not recognised - Production properties	(901)	(667)
Less deferred tax liabilities not recognised - Inventories	(156)	(153)
Net deferred tax assets not recognised	33,309	29,702

The above potential tax benefit, which excludes tax losses, for deductible temporary differences 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. Discontinued operations

Description
On 1 November 2016, Cue Resources Inc. (a wholly owned subsidiary of Cue Energy Resources Limited) sold its interest in Pine Mills production property in East Texas. On 18 December 2017, Cue Resources Inc. was wound up and deregistered.

Financial performance information

	Consolidated	
	2018 $'000	2017 $'000
Production revenue	-	593
Foreign currency exchange gain	-	29
Total revenue	-	622
Operating expense	-	(845)
Amortisation expense	-	(60)
Loss on disposal	-	(1,360)
Total expenses	-	(2,265)
Loss before income tax expense	-	(1,643)
Income tax expense	-	-
Loss after income tax expense	-	(1,643)
Reversal of Non-controlling interest	-	(669)
Income tax expense	-	-
Loss on disposal after income tax expense	-	(669)
Loss after income tax expense from discontinued operations	-	(2,312)

Cash flow information

	Consolidated	
	2018 $'000	2017 $'000
Net cash used in operating activities	-	(446)
Net cash used in investing activities	-	(22)
Net decrease in cash and cash equivalents from discontinued operations	-	(468)

Note 11. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2018 $'000	2017 $'000
Bond	-	67
Accounts receivables	-	347
Acquisition cost	-	3,824
Capitalised expenditure	-	336
Pine Mills abandonment assets	-	554
Cheetah Rig Asset	-	115
Total assets	-	5,243
Acquisition carry	-	1,008
Capital contributions	-	67
Opex contributions	-	79
Abandonment provision	-	559
Pine Mills impairment write down	-	1,196
Total liabilities	-	2,909
Net assets	-	2,334

Details of the disposal

	Consolidated	
	2018 $'000	2017 $'000
Total sale consideration	-	974
Carrying amount of net assets disposed	-	(2,334)
Loss on disposal before income tax	-	(1,360)
Loss on disposal after income tax	-	(1,360)

Note 12. Current assets - trade and other receivables

	Consolidated	
	2018 $'000	2017 $'000
Trade receivables	3,639	4,241
Less: Provision for doubtful debts	-	(38)
Other receivables and prepayments	3,954	169
	7,593	4,372

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

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

	Consolidated	
	2018 $'000	2017 $'000
Less than one month	2,850	1,711
1 to 6 months overdue	789	2,492
	3,639	4,203

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.

Impaired receivables

$38K impaired receivables from 2017 financial year has been written off during 2018 financial year.

The Directors consider that the carrying value of receivables reflects their fair values.

Accounting policy for trade and other receivables
Trade and other receivables represent the principal amounts due at the reporting date plus accrued interest and less, where applicable, any unearned income and allowance for doubtful accounts. Trade receivables are generally due for settlement within 30 days.

Note 13. Non-current assets - Production properties

	Consolidated	
	2018 $'000	2017 $'000
Production properties	26,814	30,082

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 2016	42,564
Impairment - production from continuing operations	(6,386)
Expenditure during the year	3,349
Amortisation expense from continuing operations	(6,362)
Changes in abandonment provision - production	(3,083)
Balance at 30 June 2017	30,082
Expenditure during the year	2,640
Amortisation expense	(5,430)
Changes in abandonment provision – production (note 16)	(478)
Balance at 30 June 2018	26,814

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

Net accumulated costs incurred on areas of interest	$'000
Joint Venture assets	
- Oyong and Wortel – Sampang PSC	7,009
- Maari – PMP 38160	19,805
Balance at 30 June 2018	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 shown as a separate line item in profit or loss.

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 14. Current liabilities - trade and other payables

	Consolidated	
	2018 $'000	2017 $'000
Trade payables and accruals	3,414	3,860
Amounts due to directors and director related entities	42	71
	3,456	3,931

Refer to note 19 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 15. Non-current liabilities - deferred tax liabilities

	Consolidated	
	2018 $'000	2017 $'000
Deferred tax liability recognised comprise of		
Production properties	3,084	3,539
Less deferred tax assets - Restoration provision	(32)	(138)
Deferred tax liability	3,052	3,401

Note 16. Non-current liabilities - provisions

	Consolidated	
	2018 $'000	2017 $'000
Employee benefits	41	24
Restoration	9,832	9,815
	9,873	9,839

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

	2018 $'000	2017 $'000
Balance sheet movement (note 13)	(478)	(3,083)
P&L movement	495	(41)
Total	17	(3,124)

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.

Note 16. Non-current liabilities - provisions (continued)

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			
	2018 Shares	2017 Shares	2018 $'000	2017 $'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 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 2018 management did not pay any dividends (2017: nil).

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

Note 18. Equity - Capital management (continued)

The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are calculated as follows:

	Consolidated	
	2018 $'000	2017 $'000
Trade and other payables	(3,456)	(3,931)
Tax liabilities	(4,946)	(3,942)
Less cash and cash equivalents	16,983	12,420
Total Equity	30,537	25,871
Total capital	39,118	30,418

The gearing ratio is nil for both 2017 and 2018 financial year, as the Group does not have external debt other than trade payables and tax liabilities.

Note 19. Financial instruments

The Group's principal financial instruments comprise receivables, payables, cash and short term deposits.

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	
CONSOLIDATED	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Financial assets				
Cash and cash equivalents	16,983	12,420	16,983	12,420
Trade and other receivables	7,593	4,372	7,593	4,372
Non-traded financial assets	24,576	16,792	24,576	16,792
Financial liabilities				
Trade and other payables	3,456	3,931	3,456	3,931
Non-traded financial liabilities	3,456	3,931	3,456	3,931

Note 19. Financial instruments (continued)

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 assets 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:

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.

Trade and other payables

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	
	2018 $'000	**2017 $'000**
Cash and cash equivalents	16,983	12,420

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.

Note 19. Financial instruments (continued)

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 2018 $'000	Consolidated 2017 $'000
Impact on post-tax profit		
Interest rates +1%	170	124
Interest rates -1%	(170)	(124)
Impact on equity		
Interest rates +1%	170	124
Interest rates -1%	(170)	(124)

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.

(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.

The Board approved the policy of holding certain funds in United States dollars to manage foreign exchange risk.

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

	30 June 2018			30 June 2017		
Consolidated	**USD $'000**	**NZD $'000**	**IDR $'000**	**USD $'000**	**NZD $'000**	**IDR $'000**
Financial assets						
Cash and cash equivalents	12,940	294	8	7,831	96	199
Trade and other receivables	7,215	65	15	4,203	93	15
Financial liabilities						
Trade and other payables	2,017	1,093	41	1,927	742	15

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 increase/(decrease) and net assets would increase / (decrease) by:

	Consolidated			
	USD $'000	**NZD $'000**	**IDR $'000**	**2018 TOTAL $'000**
Impact on post-tax profit				
Exchange rates +10%	1,814	73	2	1,889
Exchange rates -10%	(1,814)	(73)	(2)	(1,889)
Impact on equity				
Exchange rates +10%	1,814	73	2	1,889
Exchange rates -10%	(1,814)	(73)	(2)	(1,889)

Note 19. Financial instruments (continued)

				Consolidated
	USD $'000	NZD $'000	IDR $'000	2017 TOTAL $'000
Impact on post-tax profit				
Exchange rates +10%	1,011	55	20	1,086
Exchange rates -10%	(1,011)	(55)	(20)	(1,086)
Impact on equity				
Exchange rates +10%	1,011	55	20	1,086
Exchange rates -10%	(1,011)	(55)	(20)	(1,086)

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of +/– 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable.

(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 2018, the Group had no open oil price swap contracts (2017: 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	
	2018 $'000	2017 $'000
Impact on post-tax profit		
US dollar oil price +20%	2,123	2,681
US dollar oil price -20%	(2,123)	(2,681)
Impact on equity		
US dollar oil price +20%	2,123	2,681
US dollar oil price -20%	(2,123)	(2,681)

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.

Note 19. Financial instruments (continued)

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 reserve borrowing 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 2018.

	12 months or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Consolidated 2018				
Non-derivative financial liabilities				
Trade and other payable (Note 14)	3,456	-	-	-
	3,456			
Consolidated 2017				
Non-derivative financial liabilities				
Trade and other payables	3,931	-	-	-
	3,931	-	-	-

(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.

Note 20. 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 superannuation, non-monetary benefits and consultancy fees
- Post employment benefits – superannuation
- Long term employee benefits

Note 20. Key management personnel disclosures and related party disclosures (continued)

	Consolidated	
	2018 $	2017 $
Short term employment benefits (including non-monetary benefits)	471,206	750,600
Cash bonuses	25,774	-
Consulting fees*	-	347,967
Post employment benefits	27,988	63,053
Termination payments**	-	1,102,786
Total employee benefits	524,968	2,264,406

*2017 Consulting fees relate to service agreement with Grant Worner (former Executive Chairman), which were completed on 30 June 2017.
**2017 balance consists of one off termination payment to Andrew Knox (former Chief Financial Officer).

Other related party transactions

During the financial year, the consolidated entity subleased part of its office at 357 Collins Street, Melbourne to VIX Mobility Pty Ltd, where Duncan Saville is the Chairman. The arrangement is on normal commercial terms. The consolidated entity received $259,474 in sublease income for the year ending 30 June 2018 (2017: 64,868).

During the financial year, the consolidated entity engaged Leydin Freyer Corp Pty Ltd (where Melanie Leydin is a Director) to provide CFO and company secretarial services. The arrangement is on normal commercial terms. The consolidated entity paid $108,000 in relation to these services for the year ending 30 June 2018 (2017: Nil).

Repayment of amounts owing to the Company as at 30 June 2018 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 2017 and 2018 financial year.

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

Note 21. Auditors remuneration

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

	Consolidated	
	2018 $	2017 $
Audit services -		
Audit or review of the financial statements	114,799	183,614
Other services -		
Advisory services	-	2,678
Tax compliance	20,375	50,950
	20,375	53,628
	135,174	237,242

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

Note 22. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 30 June 2018 (2017: Nil).

Cue Energy Resources Limited and Cue Resources Inc. have been named as defendants, along with a number of other companies, in litigation pending in Texas, USA in relation to the Pine Mills oilfield. Cue Energy Resources Limited and Cue Resources Inc. believe the suit has no merit and have filed motions to dismiss the proceedings.

Note 23. Commitments for expenditure

	Consolidated	
	2018 $'000	**2017 $'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	34,800	31,300
*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	-	2,122
*c) Operating lease commitments****		
Non-cancellable operating lease are payable as follows:		
Within one year	122	363
One to five years	2	124
	124	487

* 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.

** 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 is due to expire in September 2018. Management is currently negotiating new lease terms.
- Property lease at 357 Collins Street Melbourne is due to expire in October 2018. Management will not be renewing this lease.
- 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 24. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2018 $'000	2017 $'000
Loss after income tax	(1,403)	(16,170)
Total comprehensive income	(1,403)	(16,170)

Statement of financial position

	Parent	
	2018 $'000	2017 $'000
Total current assets	17,009	12,345
Total assets	24,853	27,554
Total current liabilities	353	1,669
Total liabilities	394	1,693
Equity		
Contributed equity	152,416	152,416
Accumulated losses	(127,957)	(126,555)
Total equity	24,459	25,861

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for the acquisition of capital assets as at 30 June 2018 (2017: nil).

Lease commitments
The parent entity has no commitments in relation to leases as at 30 June 2018 other than disclosed in note 23.

Note 25. Shares in subsidiaries

Shares held by parent entity at the reporting date:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2018 %	2017 %
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 Resources Inc**	USA	-	100.00%
Cue Taranaki Pty Ltd	Australia	100.00%	100.00%
Cue Cooper Pty Ltd***	Australia	-	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
** Cue Resources Inc. was deregistered in December 2017.
*** Cue Cooper Pty Ltd was a dormant entity which was deregistered in March 2018.

Note 26. 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	Cue Exploration Pty Ltd	100	645	645	25/04/2019
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	15/05/2020
Mahato PSC	Texcal Mahato Pte Ltd	12.50	5,600	700	20/07/2018*
Petroleum production properties					
New Zealand					
PMP38160	OMV New Zealand Limited	5	80.18	4	02/12/2027
Madura - Indonesia					
Sampang	Santos (Sampang) Pty Ltd	15 (8.18 Jeruk Field)	534.50	80.20	04/12/2027

*The operator has submitted an application for an extension of the Exploration permit term due to lost time during the Exploration period.

Note 26. Interests in joint operations (continued)

Interests in joint operations are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Summarised financial information

	2018 $'000	2017 $'000
Summarised statement of financial position		
Cash and cash equivalents	5	-
Receivables	3,930	4,193
Inventory	519	547
Deferred tax assets	2,733	-
Production properties (note 13)	26,814	30,082
Total assets	34,001	34,822
Payables	3,112	2,653
Current tax liabilities	1,370	1,365
Restoration provisions	9,832	9,815
Deferred tax liabilities	3,052	3,482
Total liabilities	17,366	17,315
Net assets	16,635	17,507
Summarised statement of profit or loss and other comprehensive income		
Production income	24,547	35,000
Production expenses	(9,881)	(13,739)
Profit before income tax	14,666	21,261
Other comprehensive income	-	-
Total comprehensive income	14,666	21,261

Refer to note 22 in relation to contingent liabilities of the Group.

Commitments for expenditure are disclosed in note 23.

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 27. Events after the reporting period

On 9 August 2018, the consolidated entity announced that its 100% owned subsidiary, Cue Exploration Pty Ltd, had received notification from the National Offshore Petroleum Titles Administrator (NOPTA) of the approval of a 12 month suspension of Exploration Permit WA-359-P Permit Year 3, 4 and 5 work program commitments, a Year 4 work commitment variation, and a 12 month extension of the permit until 25 April 2019.

The suspension and extension will allow time for detailed well planning using newly available data and preparing for drilling the Ironbark-1 well, targeted for 2019.

No other matter or circumstance has arisen since 30 June 2018 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 28. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2018 $'000	2017 $'000
Profit/(loss) after income tax (expense)/benefit for the year	7,739	(17,344)
Adjustments for:		
Abandonment provision write back	495	3,083
Production property write down	-	6,446
Depreciation	14	32
Amortisation	5,430	6,362
Loss from discontinued operations	-	2,312
Reversal of Non-controlling interest	-	(669)
Net (gain)/loss on foreign currency conversion	(728)	422
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(3,222)	109
Decrease in inventories	28	1,063
Increase in deferred tax assets	(2,733)	-
Decrease in trade and other payables	(475)	(1,481)
Increase in tax liabilities	1,004	2,077
Decrease in deferred tax liabilities	(348)	(766)
Decrease in provisions	(372)	(3,296)
Net cash from/(used in) operating activities	6,832	(1,650)

Note 29. Earnings per share

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	7,739	(15,032)

	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	1.11	(2.15)
Diluted earnings per share	1.11	(2.15)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax	-	(2,312)
Non-controlling interest	-	45
Loss after income tax attributable to the owners of Cue Energy Resources Limited	-	(2,267)

	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	-	(0.32)
Diluted earnings per share	-	(0.32)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for profit/(loss)		
Profit/(loss) after income tax	7,739	(17,344)
Non-controlling interest	-	45
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	7,739	(17,299)

	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	1.11	(2.48)
Diluted earnings per share	1.11	(2.48)

Note 29. 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.