

**Cue Energy Resources Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Cue Energy Resources Limited
ABN:	45 066 383 971
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

**2. Results for announcement to the market**

			<b>\$'000</b>
Revenues from ordinary activities	up	34.0% to	24,141
Profit from ordinary activities after tax attributable to the owners of Cue Energy Resources Limited	down	22.0% to	6,778
Profit for the half-year attributable to the owners of Cue Energy Resources Limited	down	22.0% to	6,778

*Dividends*

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

*Comments*

The consolidated entity's profit after providing for income tax for the six months ended 31 December 2022 (1H FY2023) amounted to \$6.8 million (1H FY2022: profit of \$8.7 million).

*Financial position*

The net assets of the consolidated entity increased by \$7.2 million to \$55.1 million for the six months ended 31 December 2022 (30 June 2022: \$47.9 million).

*Operating results for the half year*

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	10,131	9,179
Finance costs	1,031	213
Depreciation and amortisation	2,231	2,516
EBITDA	<u>13,393</u>	<u>11,908</u>
Business development (reversal)/expenses	(16)	843
Share based payments	45	93
Exploration and evaluation expenses/(reversal)	<u>2,237</u>	<u>(188)</u>
EBITDAX	<u><u>15,659</u></u>	<u><u>12,656</u></u>

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

The Group reported a net profit after tax of \$6.8 million for the period (1H FY2022: \$8.7 million). Higher revenues and lower administration expenses were offset by higher exploration expenses of \$2.2 million for the period (1H FY2022: credit of \$0.2 million), primarily relating to Palm Valley-12 exploration activities, and income tax expense of \$3.4 million for the period (1H FY2022: \$0.4 million), the \$2.9 million increase in income tax expense primarily driven by an increase in deferred tax liabilities in the Mahato asset associated with temporary timing differences.

**Cue Energy Resources Limited**  
**Appendix 4D**  
**Half-year report**

Production revenue for the period was \$23.9 million, an increase of \$5.9 million from the previous period (1H FY2022: \$18.0 million). This was mainly attributable to production increasing at the Mahato asset, generating revenue of \$9.5 million for 1H FY2023, an increase of \$3 million (1H FY2022: \$6.5 million) and the Amadeus Basin assets generating \$5.3 million in 1H FY2023. The Amadeus Basin assets' revenue increased by \$2.5 million compared to the 1H FY2022 (1H FY2022: \$2.8 million), during which production revenue was recognised from the date of acquisition on 1 October 2021 (3 months). Gross margins slightly reduced from 62% in 1H FY2022 to 61% in 1H FY2023.

Administration expenses of \$1.3 million were \$0.6 million lower compared to \$1.9 million for 1H FY2022 due to business development and due diligence costs associated with the acquisition of the Amadeus Basin Assets in 1H FY2022.

*Cash position*

The Group's consolidated cash and cash equivalents and cash held on term deposit was \$14.8 million, comprised of cash and cash equivalents at 31 December 2022 of \$11.3 million (30 June 2022: \$23.2 million) and cash held on deposit of \$3.5 million (30 June 2022: nil), the decrease of \$11.9 million in cash and cash equivalents primarily due to expenditure incurred on the PV-12 well drilling, drilling works in Mahato and the placement of \$3.5 million on term deposit.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>7.89</u>	<u>6.87</u>

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**4. Controlled businesses**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

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

*Previous period*

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

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**7. Details of associates and joint operation entities**

Not applicable.

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**8. Foreign entities**

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

Cue Energy Resources Limited and its subsidiaries, including its foreign subsidiary, use a common set of accounting policies based on Australian Accounting Standards.

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**9. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year Financial Report.

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**10. Attachments**

*Details of attachments (if any):*

The Half-year Financial Report of Cue Energy Resources Limited for the half-year ended 31 December 2022 is attached.

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**11. Signed**

  
Signed \_\_\_\_\_

Date: 22 February 2023

Alastair McGregor  
Non-Executive Chairman

# **Cue Energy Resources Limited**

**ABN 45 066 383 971**

**Half-year Financial Report - 31 December 2022**

## **Cue Energy Resources Limited**

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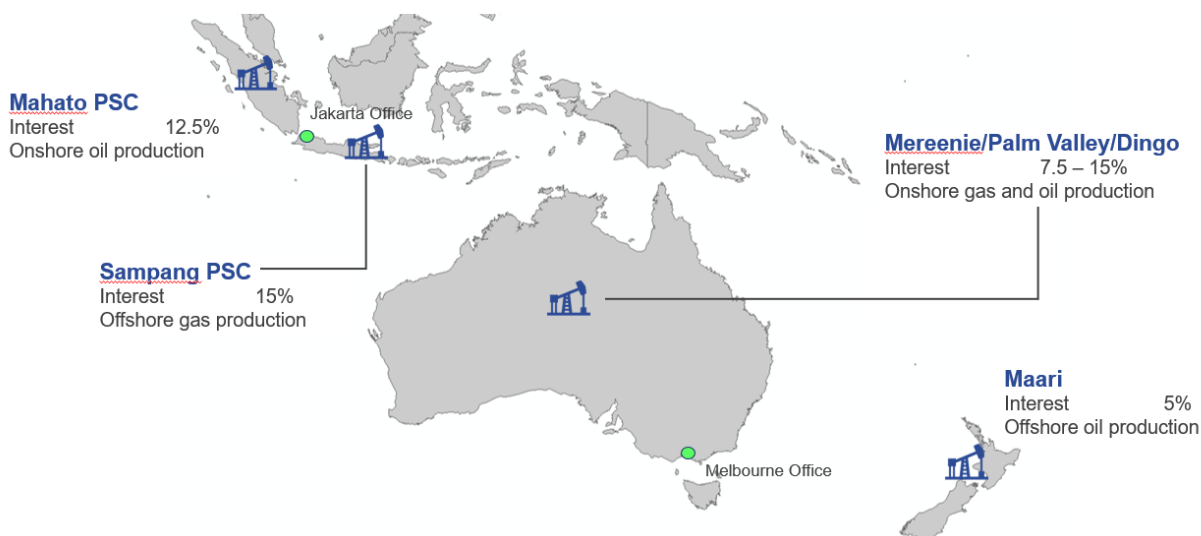
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**Cue Energy Resources Limited**  
**Corporate directory**  
**31 December 2022**

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

**Cue Energy Resources Limited**  
**Operations Review**  
**31 December 2022**



## AUSTRALIA

### Cue Interests

**MEREENIE** [OL4 & OL5]: 7.5%

**PALM VALLEY**[OL3]: 15%

**DINGO**[L7]: 15%

**Operator:** Central Petroleum Limited

Revenue from the Mereenie, Palm Valley and Dingo fields was \$5.3 million, 91% higher than H1 FY2022, which included only 3 months of reporting from completion date of 1 October 2021.

Revenue for 1H FY2023 was influenced by strong short term market pricing offset by reduced sales from September to December due to the temporary shutdown of the Northern Gas Pipeline between the Northern Territory and Queensland.

The Palm Valley 12 well was successfully completed as a production well in late November and has been producing gas rates greater than of 9.5 TJ/d. After targeting two deeper exploration targets unsuccessfully, a second lateral well (PV12 ST2) was side-tracked to test the shallower Pacoota (P1) Sandstone (approx. 1,770m depth), which is the current producing zone for the Palm Valley gas field. The PV12 ST2 lateral appraisal well was drilled to a measured depth of 3,039m in the P1 Sandstones in early October and flowed gas at 11.8 million standard cubic feet per day when tested in mid-October. The well was connected into the Palm Valley production infrastructure, and first gas was supplied to market in late November.

Two new gas supply agreements were signed during the half, a one year agreement with Shell Energy Australia for 0.25 PJ of gas commencing 1 Jan 2025 and a two year agreement with South32 for 0.16 PJ of gas, which commenced 1 Jan 2023.

During the half, the Australian Government introduced price controls on gas producers, limiting new contracts sales to \$12/GJ during 2023. These measures do not have any effect on Cue's existing contracted gas sales.

## **INDONESIA**

### **MAHATO PSC (PB field)**

**Cue Interest:** 12.5% (Cue Mahato Pty Ltd)

**Operator:** Texcal Mahato EP Ltd

The PB field in the Mahato PSC, continued to increase production, contributing \$9.5 million in revenue to Cue during the half, a 47.5% increase over the six months to 31 December 2021. Gross oil production at 31 December 2022 was approximately 5,500 bopd.

5 development wells PB-18, PB-17, PB- 21, PB-19 an PB-10 were completed during the half as part of the field development optimisation announced in June 2022, bringing the total number of production wells in the field to 13 at the end of the half. The PB-11 development well is currently being drilled. Twenty three wells were approved for the field, 20 oil production wells and 3 water injection wells.

PB-10 and PB-03 development wells are not performing as expected and have been shut-in. Both wells have workovers planned to re-instate production.

Well depths in the PB field range from 5,500-7,200ft measured depth, with approximately one month drilling and completion time expected for each production well. Over the first half of FY2023, wells have been drilled from the existing well pad in the PB field. A new well pad and production facilities will be built in the northern area of the field to produce reserves not accessible from the existing well pad. Wells are expected to be drilled from this location from this location during H2 FY2023.

Exploration well BA-01 is expected to be drilled during Q3 FY2023, subject to final environmental clearances. The well aims to test the presence of hydrocarbons in the BA prospect, with a primary target of the Miocene-age Telisa Formation sandstone reservoir at a depth of 900ft. A secondary target is the Menggala Formation, expected at approximately 2,500ft. Both targets are producing reservoirs in the Central Sumatra Basin.

### **SAMPANG PSC (Oyong and Wortel fields)**

**Cue Interest:** 15% (Cue Sampang Pty Ltd)

**Operator:** Medco Energi Sampang Pty Ltd

Gas Production from the Oyong and Wortel fields in the Sampang PSC performed as expected, contributing \$5.9 million of revenue during the half from fixed price gas contracts.

The Paus Biru development Final Investment Decision (FID) by the Joint Venture was delayed during the period due to pending government approval of the commercial terms of the gas sales and other incentives requested by the joint venture. Front End Engineering and Design (FEED) studies for the development have been completed by the Joint Venture.

The Paus Biru development is planned to consist of a single well and wellhead platform at the Paus Biru gas field, with a 27km subsea pipeline connecting the well to existing infrastructure at the Oyong field. Subject to final approvals, gas production from Paus Biru is expected to commence by 2025 at a rate of 20-25 million cubic feet per day.



## **NEW ZEALAND**

### **PMP 38160 (Maari/Manaia Fields)**

**Cue Interest:** 5% (Cue Taranaki Pty Ltd)

**Operator:** OMV New Zealand Limited

At 31 December 2022, gross oil production from the Maari/Manaia fields was above 4,000 bopd. Production well optimisation and successful water injection from 3 wells positively influenced the productivity of the fields.

Revenue reported for the half was \$3.2 million from one oil lifting, which occurred in September 2022, resulting in a high inventory balance at 31 December 2022. A further lifting was conducted in January 2023.

Two well outages affected oil production during the period ended 31 December 2022. MR9 suffered a failure of its electric submersible pump (ESP) during July 2022 and was repaired and back into production by October. The MN1 production well was offline for most of the half due to an ESP failure. Workover operations were undertaken to successfully replace the MN1 ESP before a downhole issue caused a shut-in of the well in late December. Troubleshooting and plans for a further workover are being progressed.

The MR6A production well was offline for the entire period. , The Joint Venture continues to advance plans for a workover of the well with the aim of reinstating oil production. The permanent conversion of the MR2 well to a water injection well, increasing overall injection rates to provide further pressure support to the production wells is expected to be undertaken during the remainder of FY2023.

## **INDONESIA**

### **Mahakam Hilir PSC**

**Cue Interest:** 100% (Cue Mahakam Hilir Pty Ltd and Cue Kalimantan Pte Ltd)

**Operator:** Cue Kalimantan Pte Ltd

Processes continued for surrender of the permit, which expired in April 2021. During the half the Indonesian Government completed an audit of drilling equipment held by Cue and processes for returning drill site land to the government progressed. The timing of full relinquishment of the PSC is being defined by Indonesian Government administrative processes.

**Cue Energy Resources Limited**  
**Directors' report**  
**31 December 2022**

The directors present their report, together with the financial statements, on the Consolidated Entity consisting of Cue Energy Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 (1H FY2023).

**Directors**

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

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

**Chief Executive Officer**

Matthew Boyall

**Chief Financial Officer/Company Secretary**

Melanie Leydin

**Principal activities**

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

**Dividends**

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

**Review of operations**

The Group reported a net profit after tax of \$6.8 million for the 1H FY2023 (1H FY2022: \$8.7 million) and EBITDAX of \$15.7 million (1H FY2022: \$12.7 million), as noted below.

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	10,131	9,179
Finance costs	1,031	213
Depreciation and amortisation	2,231	2,516
EBITDA	<u>13,393</u>	<u>11,908</u>
Business acquisition and development (reversal)/expenses	(16)	843
Share based payments	45	93
Exploration and evaluation expenses/(reversal)	<u>2,237</u>	<u>(188)</u>
EBITDAX	<u><u>15,659</u></u>	<u><u>12,656</u></u>

\* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. EBITDAX is EBITDA adjusted to exclude business development costs, exploration and evaluation expenses, share based payments and one-off legal expenses. The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

Production revenue for the period was \$23.9 million, an increase of \$5.9 million from the previous period (1H FY2022: \$18.0 million). This was mainly attributable to production increasing at the Mahato asset, generating revenue of \$9.5 million for 1H FY2023, an increase of \$3 million (1H FY2022: \$6.5 million) and the Amadeus Basin assets generating \$5.3 million in 1H FY2023. The Amadeus Basin assets' revenue increased by \$2.5 million compared to the 1H FY2022 (1H FY2022: \$2.8 million), during which production revenue was recognised from the date of acquisition on 1 October 2021 (3 months). Gross margins slightly reduced from 62% in 1H FY2022 to 61% in 1H FY2023.

**Cue Energy Resources Limited**  
**Directors' report**  
**31 December 2022**

Exploration expenses were \$2.2 million for the period (1H FY2022: credit of \$0.2 million), of which \$2.1 million were in respect of expenses incurred on the Palm Valley-12 well.

Administration expenses of \$1.3 million were \$0.6 million lower compared to \$1.9 million for 1H FY2022. Administration expenses decreased primarily due to a decrease of \$0.9 million in business development costs incurred on due diligence, and compliance and related costs associated with the acquisition of the Amadeus Basin assets in 1H FY2022.

The impact of Coronavirus (COVID-19) pandemic and the Ukrainian conflict is ongoing and while there have been mixed financial and operational impacts for the Group up to 31 December 2022, it is not practical to estimate the potential impact, positive or negative, after the reporting date.

Refer to the detailed Operations Review preceding this Director's report.

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2022.

**Rounding of amounts**

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191* and in accordance with that instrument, amounts in the condensed consolidated interim financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors:



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Alastair McGregor  
Non-Executive Chairman

22 February 2023



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

To the Directors of Cue Energy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Cue Energy Resources Limited for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Vicky Carlson

*Partner*

Melbourne

22 February 2023

**Cue Energy Resources Limited**  
**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
		<b>\$'000</b>	<b>\$'000</b>
Revenue from operations	4	23,928	18,013
Production costs		<u>(9,390)</u>	<u>(6,843)</u>
Gross profit		<u>14,538</u>	<u>11,170</u>
Other income		213	4
<b>Expenses</b>			
Exploration and evaluation (expense)/reversal		(2,237)	188
Administration expenses	5	(1,307)	(1,877)
Share-based payments		(45)	(93)
Finance costs		<u>(1,031)</u>	<u>(213)</u>
<b>Profit before income tax expense</b>		10,131	9,179
Income tax expense		<u>(3,353)</u>	<u>(484)</u>
<b>Profit after income tax expense for the half-year attributable to the owners of Cue Energy Resources Limited</b>		6,778	8,695
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>325</u>	<u>524</u>
Other comprehensive income for the half-year, net of tax		<u>325</u>	<u>524</u>
<b>Total comprehensive income for the half-year attributable to the owners of Cue Energy Resources Limited</b>		<u><u>7,103</u></u>	<u><u>9,219</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	14	0.97	1.25
Diluted earnings per share	14	0.97	1.25

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

**Cue Energy Resources Limited**  
**Condensed consolidated statement of financial position**  
**As at 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		11,284	23,223
Deposits		3,500	-
Trade and other receivables		12,151	8,740
Inventories		2,766	1,237
<b>Total current assets</b>		<u>29,701</u>	<u>33,200</u>
<b>Non-current assets</b>			
Other financial assets		6,434	6,300
Property, plant and equipment		27	34
Right-of-use assets		134	175
Exploration and evaluation assets		873	1,950
Production properties	6	59,189	54,117
Development assets		4,327	4,243
Deferred taxes	7	8,041	6,888
<b>Total non-current assets</b>		<u>79,025</u>	<u>73,707</u>
<b>Total assets</b>		<u>108,726</u>	<u>106,907</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		4,174	4,651
Contract liabilities		1,523	1,545
Lease liabilities		79	86
Tax liabilities		3,370	2,666
Provisions		206	192
Deferred consideration	12	1,012	6,337
<b>Total current liabilities</b>		<u>10,364</u>	<u>15,477</u>
<b>Non-current liabilities</b>			
Contract liabilities		4,676	5,207
Borrowings		6,920	6,895
Lease liabilities		78	122
Deferred tax liabilities		7,492	6,751
Provisions	8	24,110	24,517
<b>Total non-current liabilities</b>		<u>43,276</u>	<u>43,492</u>
<b>Total liabilities</b>		<u>53,640</u>	<u>58,969</u>
<b>Net assets</b>		<u>55,086</u>	<u>47,938</u>
<b>Equity</b>			
Contributed equity	9	152,416	152,416
Reserves		1,502	1,132
Accumulated losses		(98,832)	(105,610)
<b>Total equity</b>		<u>55,086</u>	<u>47,938</u>

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

**Cue Energy Resources Limited**  
**Condensed consolidated statement of changes in equity**  
**For the half-year ended 31 December 2022**

<b>Consolidated</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	152,416	(815)	(121,678)	29,923
Profit after income tax expense for the half-year	-	-	8,695	8,695
Other comprehensive income for the half-year, net of tax	-	524	-	524
Total comprehensive income for the half-year	-	524	8,695	9,219
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	93	-	93
Balance at 31 December 2021	<u>152,416</u>	<u>(198)</u>	<u>(112,983)</u>	<u>39,235</u>

<b>Consolidated</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2022	152,416	1,132	(105,610)	47,938
Profit after income tax expense for the half-year	-	-	6,778	6,778
Other comprehensive income for the half-year, net of tax	-	325	-	325
Total comprehensive income for the half-year	-	325	6,778	7,103
Share based payments	-	45	-	45
Balance at 31 December 2022	<u>152,416</u>	<u>1,502</u>	<u>(98,832)</u>	<u>55,086</u>

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

**Cue Energy Resources Limited**  
**Condensed consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	20,591	18,763
Interest received	148	3
Payments to suppliers	(9,175)	(8,350)
Exploration and evaluation expenditure	(2,510)	(722)
Income tax paid	(3,736)	(2,080)
Royalties paid	(360)	(246)
Interest paid	(336)	-
	<u>4,622</u>	<u>7,368</u>
<b>Cash flows used in investing activities</b>		
Payments for property, plant and equipment	(1)	(5)
Payments for exploration and development and production assets	(7,164)	(3,555)
Payments for security deposits	(400)	-
Payments for deposits	(3,500)	-
Payments for business acquired	(5,296)	(10,468)
	<u>(16,361)</u>	<u>(14,028)</u>
<b>Cash flows used in financing activities</b>		
Payments of principal element of lease liabilities	(40)	(26)
	<u>(40)</u>	<u>(26)</u>
Net decrease in cash and cash equivalents	(11,779)	(6,686)
Cash and cash equivalents at the beginning of the financial half-year	23,223	17,644
Effects of exchange rate changes on cash and cash equivalents	(160)	140
	<u>11,284</u>	<u>11,098</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>11,284</u></u>	<u><u>11,098</u></u>

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



**Cue Energy Resources Limited**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**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 half-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 22 February 2023.

**Note 2. Summary of significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. The impact of the Russia/Ukraine conflict and COVID-19 pandemic continues to cause volatility in Australian and international markets and impact global oil prices. There continues to be significant uncertainty around the breadth and duration of global impacts of these issues and management continue monitor their impact.

**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 period ended 31 December 2022.

**Note 3. 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, impairments, exploration and evaluation expenditure, 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 Australia and also has international operations in Indonesia and New Zealand.

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

**Cue Energy Resources Limited**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**Note 3. Financial reporting by segments (continued)**

Consolidated - 31 December 2022	Geographic location				Total \$'000
	Australia \$'000	New Zealand \$'000	Indonesia \$'000	Corporate \$'000	
<b>Revenue</b>					
Production revenues from continuing operations	5,286	3,159	15,483	-	23,928
<b>Total revenue</b>	<u>5,286</u>	<u>3,159</u>	<u>15,483</u>	<u>-</u>	<u>23,928</u>
<b>EBITDAX</b>	2,750	2,221	11,752	(1,064)	15,659
Depreciation and amortisation	(972)	(478)	(748)	(33)	(2,231)
Share based payments	-	-	(10)	(35)	(45)
Business development expenses	21	-	-	(5)	16
Finance costs	(95)	(35)	(522)	(379)	(1,031)
Exploration and evaluation expense	(2,161)	-	(76)	-	(2,237)
<b>Profit/(loss) before income tax expense</b>	<u>(457)</u>	<u>1,708</u>	<u>10,396</u>	<u>(1,516)</u>	<u>10,131</u>
Income tax expense					(3,353)
<b>Profit after income tax expense</b>					<u>6,778</u>

Consolidated - 31 December 2022	Geographic location					Total \$'000
	Australia \$'000	New Zealand \$'000	Indonesia \$'000	Corporate \$'000	Eliminations \$'000	
Current assets	1,658	2,788	12,904	12,351	-	29,701
Non-current assets	34,478	17,216	23,379	93,633	(89,681)	79,025
<b>Total assets</b>	<u>36,136</u>	<u>20,004</u>	<u>36,283</u>	<u>105,984</u>	<u>(89,681)</u>	<u>108,726</u>
Current liabilities	2,809	2,277	3,990	1,288	-	10,364
Non-current liabilities	60,870	23,872	41,256	6,959	(89,681)	43,276
<b>Total liabilities</b>	<u>63,679</u>	<u>26,149</u>	<u>45,246</u>	<u>8,247</u>	<u>(89,681)</u>	<u>53,640</u>

Consolidated - 31 December 2021	Geographic location				Total \$'000
	Australia \$'000	New Zealand \$'000	Indonesia \$'000	Corporate \$'000	
<b>Revenue</b>					
Production revenues from continuing operations	2,769	2,385	12,859	-	18,013
<b>Total revenue</b>	<u>2,769</u>	<u>2,385</u>	<u>12,859</u>	<u>-</u>	<u>18,013</u>
<b>EBITDAX</b>	1,502	2,544	9,573	(963)	12,656
Depreciation and amortisation	(500)	(372)	(1,609)	(35)	(2,516)
Share based payments	-	-	(22)	(71)	(93)
Business development expenses	(653)	-	-	(190)	(843)
Finance costs	(51)	(162)	-	-	(213)
Exploration and evaluation (expenses)/reversal	229	-	(41)	-	188
<b>Profit/(loss) before income tax expense</b>	<u>527</u>	<u>2,010</u>	<u>7,901</u>	<u>(1,259)</u>	<u>9,179</u>
Income tax expense					(484)
<b>Profit after income tax expense</b>					<u>8,695</u>

**Cue Energy Resources Limited**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**Note 3. Financial reporting by segments (continued)**

<b>Consolidated - 30 June 2022</b>	<b>Australia \$'000</b>	<b>New Zealand \$'000</b>	<b>Indonesia \$'000</b>	<b>Corporate \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
Current assets	1,830	1,055	9,111	21,204	-	33,200
Non-current assets	35,084	16,262	20,450	90,133	(88,222)	73,707
Total assets	<u>36,914</u>	<u>17,317</u>	<u>29,561</u>	<u>111,337</u>	<u>(88,222)</u>	<u>106,907</u>
Current liabilities	5,055	991	3,279	6,152	-	15,477
Non-current liabilities	58,530	24,919	41,301	6,964	(88,222)	43,492
Total liabilities	<u>63,585</u>	<u>25,910</u>	<u>44,580</u>	<u>13,116</u>	<u>(88,222)</u>	<u>58,969</u>

**Note 4. Revenue from operations**

	<b>Consolidated</b>	
	<b>31 December 2022 \$'000</b>	<b>31 December 2021 \$'000</b>
Crude oil and condensate revenue	13,521	9,422
Natural gas revenue	10,407	8,591
	<u>23,928</u>	<u>18,013</u>

**Note 5. Administration expenses**

	<b>Consolidated</b>	
	<b>31 December 2022 \$'000</b>	<b>31 December 2021 \$'000</b>
Employee expenses	525	713
Accounting and audit costs	309	153
Foreign exchange loss/(gain)	146	(43)
Superannuation contribution expense	26	42
Depreciation of property, plant and equipment	47	38
Business development (reversal)/expenses	(16)	843
Other expenses	270	131
Total administration expenses	<u>1,307</u>	<u>1,877</u>

**Note 6. Non-current assets - production properties**

	<b>Consolidated</b>	
	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
Production properties	<u>59,189</u>	<u>54,117</u>

**Cue Energy Resources Limited**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**Note 6. Non-current assets - production properties (continued)**

*Reconciliations*

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

<b>Consolidated</b>	<b>Total \$'000</b>
Balance at 1 July 2022	54,117
Additions	4,574
Reclassified from exploration assets	3,162
Amortisation expense	(2,169)
Changes in abandonment provision - production	(835)
Foreign exchange differences	340
	<hr/>
Balance at 31 December 2022	<u><u>59,189</u></u>

**Note 7. Non-current assets - deferred taxes**

At 31 December 2022, the consolidated entity recognised a deferred tax asset of \$7.4 million, comprised of \$3.1 million (30 June 2022: \$2.2 million) in respect of carried forward tax losses in the Australian tax group and \$4.3 million (30 June 2022: nil) in respect of the New Zealand tax group. The consolidated entity has an unrecognised deferred tax asset in respect of carried forward tax losses of \$31.3 million at 31 December 2022 (30 June 2022: \$35.9 million).

**Note 8. Non-current liabilities - provisions**

	<b>Consolidated</b>	
	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
Restoration provisions	<u>24,110</u>	<u>24,517</u>

**Note 9. Equity - contributed equity**

	<b>Consolidated</b>			
	<b>31 December 2022 Shares</b>	<b>30 June 2022 Shares</b>	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
Ordinary shares - fully paid	<u>698,119,720</u>	<u>698,119,720</u>	<u>152,416</u>	<u>152,416</u>

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

**Note 10. Contingent assets and liabilities**

The Directors are not aware of any contingent assets or contingent liabilities as at 31 December 2022 (30 June 2022: Nil).

**Note 11. Commitments for expenditure**

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

As of 31 December 2022, exploration expenditure commitments were \$7.7 million, primarily consisting of \$5.6 million in costs to be incurred on the drilling of an additional 8 wells and \$1.6 million on production facilities at the Mahato asset.

**Note 12. Business combinations**

On 1 October 2021, the consolidated entity acquired the Amadeus Basin business, being the acquisition of interests in the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia, from Central Petroleum Limited (ASX: CTP) (Central).

The consolidated entity's acquired interests in the joint operations are a:

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

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

	<b>Cue Energy Resources Limited</b>	<b>New Zealand Oil &amp; Gas Limited</b>	<b>Central Petroleum Limited</b>	<b>Macquarie Mereenie Pty Ltd</b>
	%	%	%	%
<b>Ownership interest in Amadeus Basin assets</b>				
Mereenie	7.5%	17.5%	25.0%	50.0%
Palm Valley	15.0%	35.0%	50.0%	-
Dingo	15.0%	35.0%	50.0%	-

In accordance with AASB 3 Business Combinations, the consolidated entity previously reported its interest in the provisional fair value of the assets and liabilities upon acquisition of the Amadeus Basin assets at 31 December 2021. During the 6 months ended 31 December 2022, the consolidated entity has finalised its acquisition accounting for the Amadeus Basin assets, a summary of its interest in the provisional and final valuations presented below:

	<b>Final \$'000</b>	<b>Provisional \$'000</b>
<b>Amadeus Basin assets and liabilities acquired</b>		
Cash and cash equivalents	62	62
Trade receivables	4	59
Oil and gas production properties	33,609	27,310
Inventory	331	332
Right-of-use assets	54	50
Deferred tax asset	1,964	4,301
Trade and other payables	(1,122)	(1,122)
Restoration provision	(6,546)	(4,439)
Contract liabilities	(7,562)	(3,372)
Lease liability	(50)	(50)
Deferred tax liability	(1,964)	(4,301)
Prepayments	50	-
Acquisition-date fair value of the total consideration transferred	<u>18,830</u>	<u>18,830</u>

**Cue Energy Resources Limited**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**Note 12. Business combinations (continued)**

The material changes to the provisional values assessed at 31 December 2021 upon their finalisation are: the recognition of contract liabilities upon acquisition in respect of unsatisfied performance obligations for the supply of gas, an increase of \$4.2 million to \$7.6 million and the final assessment of the provision for restoration costs, an increase of \$2.1 million to \$6.5 million, which in turn increased the final fair value of the production assets by \$6.3 million to \$33.6 million). Furthermore, both the final acquisition value of deferred tax assets and deferred tax liabilities decreased by \$2.3 million to \$2.0 million.

There was no change in the final fair values of assets and liabilities upon acquisition of the Amadeus Basin business from those provisional fair values disclosed in the annual report for the year ended 30 June 2022.

**Note 13. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 14. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax attributable to the owners of Cue Energy Resources Limited	<u>6,778</u>	<u>8,695</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>698,119,720</u>	<u>698,119,720</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>698,119,720</u>	<u>698,119,720</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.97	1.25
Diluted earnings per share	0.97	1.25

The potentially dilutive effects of any contingently issuable ordinary shares have not been considered in the diluted loss per share calculation for the six months ended 31 December 2022 as the effect of contingently issuable ordinary shares would have been anti-dilutive.

**Cue Energy Resources Limited**  
**Directors' declaration**  
**31 December 2022**

In the opinion of the directors of Cue Energy Resources Limited ("the Company"):

The condensed consolidated financial statements and notes are set out on pages 8 to 17, are in accordance with the *Corporation Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the six month period ended on that date;
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:



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Alastair McGregor  
Non-Executive Chairman

22 February 2023



# Independent Auditor's Review Report

To the shareholders of Cue Energy Resources Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Cue Energy Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Cue Energy Resources Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2022;
- Condensed Consolidated statement of profit or loss and other comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Cue Energy Resources Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Half-year Financial Report


The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Vicky Carlson

*Partner*

Melbourne

22 February 2023