APPENDIX 4E

AND

30 JUNE 2021 ANNUAL REPORT

1. Company details

Name of entity:	Cue Energy Resources Limited
ABN:	45 066 383 971
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	down	6.1%	to	22,449
Loss from ordinary activities after tax attributable to the owners of Cue Energy Resources Limited	down	1070.5%	to	(12,743)
Loss for the year attributable to the owners of Cue Energy Resources Limited	down	1070.5%	to	(12,743)

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

Profit

The loss for the consolidated entity after providing for income tax amounted to $12.74 million (2020: profit of $1.31 million).

Financial position

The net assets of the consolidated entity decreased by $13.64 million to $29.92 million for the year ended 30 June 2021 (2020: $43.56 million) This was primarily due to settlement of Ironbark-1 exploration expenditure, which resulted in the decrease of restricted cash balances from $12 million at 30 June 2020 to $27,000 at 30 June 2021.

Operating results for the year

Production revenue for the year was $22.45 million, a decrease of $1.47 million from the previous period (2020: $23.92 million). Production costs decreased by $2.06 million to $10.88 million (2020: $12.94 million).

The consolidated entity reported a net loss after tax of $12.74 million for the year ended 30 June 2021, a decrease of $14.06 million from its $1.31 million profit in 2020. The 2021 operating results included $12.32 million exploration and evaluation expenses for the Ironbark-1 exploration well and $2.55 million in unrealised foreign currency translation losses due to the strong Australian dollar through the year.

Excluding these one-off items, the operating profit of the company was $2.13 million for the year.

Cash position

The consolidated entity incurred cash outflows from operating activities of $8.03 million for the year ended 30 June 2021. The consolidated entity ended the year with a cash balance of $17.64 million. The consolidated entity has no debt.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.29	6.24

4. Control gained over entities

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 venture/operation entities

Not applicable.

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8. Foreign entities

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

Not applicable.

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9. Audit qualification or review

Details of audit dispute or qualification (if any):

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

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10. Attachments

Details of attachments:

The Annual Report of Cue Energy Resources Limited for the year ended 30 June 2021 is attached.

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11. Signed

Signed ______________________________ Date: 18 August 2021

Alastair McGregor
Non-Executive Chairman

Cue Energy Resources Limited

ABN 45 066 383 971

Annual Report - 30 June 2021

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

FY 2021 highlights

- **First production and revenue from the Mahato PSC**
- **Onshore Australia Acquisition announced**
- **$11.6 million** gross profit from production
- **16%** lower production costs compared to FY20
- **$17.6 million** cash position

During the year, Cue added another revenue producing asset to the portfolio, the PB field in the Mahato PSC and announced the acquisition of interests in the Mereenie , Palm Valley and Dingo production fields in the Amadeus Basin, onshore Australia from Central Petroleum.

The addition of Mahato production during the second half of the year helped offset lower revenue from Maari, which was due to the oil price remaining in the $40 range for most of the first half of the year, and no production from the major MR6a production well due to repairs, resulting in 6% lower revenue than the previous year.

Our assets performed well, recording $11.6m gross profit from production with a 8% lower production costs (excludes amortisation).

Unfortunately, during the first half of the year the Ironbark-1 well was unsuccessful and was plugged and abandoned. This was a disappointing result for all stakeholders.

Cue's finished the year with cash holdings of $17.6 m and no debt. This strong position will allow the acquisition of onshore Australian production assets to be paid from cash, with completion expected during Q2 FY22.

Australian Onshore acquisition

On 25 May 2021, Cue announced the execution of a sale and purchase agreement with Central Petroleum Limited (Central) (ASX:CTP) to acquire interests in the Mereenie, Dingo and Palm Valley onshore gas and oil fields, all located in the Amadeus Basin, onshore in the Northern Territory, Australia.

On completion, Cue will acquire a 7.5% interest in the Mereenie gas and oil field (OL4 and OL5 production licences), a 15% interest in the Palm Valley gas field (OL3 production licence), and a 15% interest in the Dingo gas field (L7 Production Licence).

Through the transaction Cue will acquire 4.4mmboe of 2P reserves, with further upside potential from development and exploration activities. Cue will pay Central $8.7m cash on completion and fund $12m of Central's exploration, appraisal, and development costs in the fields.

On 2 July 2021, the Foreign Investment Review Board provided a no-objections letter for the acquisition. Other conditions to the transaction include approval by New Zealand Oil and Gas (NZOG) shareholders for NZOG to also enter into a transaction with CTP, which was satisfied on 24 June 2021, and other customary and regulatory approvals. These conditions are progressing and on track for completion during Q1 FY22. The transaction has an effective date of 1 July 2020.

Cue held a general meeting on 28 July 2021 to seek shareholder approval to grant security to NZOG related to Deeds of Cross Security as part of the asset acquisition. Shareholders approved the granting of the security.

The Mereenie development program commenced with four well re-completions conducted. Drilling on the WM-27 well commenced late in FY21 and the WM-28 well spud during July 2021. The re-completions have added incremental production. Long term performance is still undergoing review.

Preparation for the potential exploration and appraisal drilling at the Palm Valley and Dingo fields in FY22 continues.

Maari

The Maari/Manaia fields provided $6.9 million of revenue to Cue during the financial year, down 27% on the previous year due to a prolonged period of lower oil prices and production disruptions from key wells.

Production expenses were down by 36% as the operator took action to reduce expenditure and some operations were delayed due to COVID-19 restrictions.

MR9 and MR7 production wells underwent workovers to replace Electric Submersible Pumps which had reached their operative life, early in the year and were both back online by the second quarter. MR6a, one of the largest production wells in the field was offline for the whole of the year after being shut in during March 2020 due to suspected failure of downhole sand screens.

Repairs to the MR6a well were completed during May 2021. For the remainder of the year, the well was flowing clean up fluids, with no increasing hydrocarbon production, as expected. In late June 2021, low levels of sand were detected in the clean-up flows and the well was shut-in as a precautionary measure. The operator is considering options, which may include the installation of temporary de-sanding equipment.

On 18 November 2019, Jadestone Energy Inc. (AIM:JSE, TSXV:JSE), announced that it had executed a sales and purchase agreement (SPA) with OMV to acquire OMV's 69% operated interest in the PMP 38160 Permit, containing the Maari and Manaia fields. Conditions for completion of the acquisition include acceptance of Jadestone as operator by the Joint Venture partners, and achieving regulatory approvals. NZ regulatory approval remains pending and Jadestone Energy and OMV have amended the longstop date for the acquisition until 31 August 2021.

Sampang

Gas production from the Sampang PSC was 21% higher than the previous year due to increased customer demand during the first half of the year. $13.1 million revenue was received from Oyong and Wortel production.

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

COVID-19 related market demand challenges have impacted finalising the gas sales agreement which is on the critical path to a Final Investment Decision (FID) for Paus Biru. The joint venture has been notified by the Indonesian regulator that Paus Biru gas has been allocated to the market from 2023. This notification is a significant step in the commercialisation of Paus Biru and customer discussions will now take place.

Preliminary FEED and permitting activities are ongoing FID is currently targeted for 2022, with first gas in 2023

Mahato

Revenue from the Mahato PSC to 30 June 2021 was $2.4 million. Commercial oil production commenced from the PB field in the Mahato PSC in Indonesia during the year from the first well, PB-1. Four additional development wells, PB-2, PB-4, PB-5 and PB-3 were subsequently drilled and put into production in the second half of the year.

At the end of the year, all 5 wells were in production totalling approximately 3400 barrels of oil per day (gross), increasing to 3600 bopd (405 bopd net to Cue) in early July.

All 5 wells to date have encountered oil in the main Bekasap A, B and C reservoirs as anticipated. PB-1 is producing oil from the Bekasap B and PB-2, PB-3 and PB-5 are producing from Bekasap C and PB-4 has commingled production from both Bekasap B and C reservoirs. The unperforated reservoirs in all wells are candidates for future production.

Results of the 5 wells drilled to date indicate further development potential in the field, and 3 further development wells PB-06, PB-07 and PB-08, are planned for the first half of FY22.

Mahato (cont'd)

On 17 July 2021, the PBE-1 interfield well commenced in the PB field. The well is targeting a structure to the east of the existing PB field which could be a standalone discovery or part of a larger PB field.

During the year, Cue announced the settlement of a dispute with joint venture partners relating the PB-1 and PB-2 wells.

An independent resource report on the PB field, which was completed by as part of the Plan of Development approval was released in the 30 June 2021 Quarterly report.

WA-359-P

The Ironbark-1 exploration well in WA-359-P in the Carnarvon Basin, offshore Western Australia, commenced on 31 October 2020 and drilled to a total depth of 5618m. The primary target interval was intersected at a depth of 5275 metres, with no significant hydrocarbon shows encountered in any of the target sands.

The well was plugged and abandoned, and the Ocean Apex rig departed the well location on 11 January 2021. Based on the well results a decision was made not to renew the permit after expiry on 25 April 2021.

WA-409-P

WA-409-P adjoins the WA-359-P exploration permit and is mapped as containing a portion of the Ironbark structure.

Upon completion of the prospectivity assessment of the permit following the Ironbark-1 well results, the Operator BP, recommended surrendering the permit. The joint venture is now finalising this surrender.

WA-389-P

WA-389-P adjoins WA-359-P to the East and is mapped to contain part of a deep Mungaroo prospect which is the updip extension of the Ironbark structure, with similar scale. Interpretation of 900 km2 of FWI PSDM reprocessed data was initiated with the goal of exploring the updip extension of a possible success in the downdip Ironbark-1 well in WA-359-P.

In April 2021, Cue was granted a 12-month suspension and extension to the permit term until 8 April 2022.

Prospectivity assessment of the permit is continuing, taking into account the results of the Ironbark-1 well.

Mahakam Hilir

An extension to the exploration period of the PSC was granted by the Indonesian regulator, extending the end date to April 2021. As part of the extension, a condition was placed on the PSC, restricting title transfers during the extension period. After assessing the impact of this and COVID-19 restrictions on any future dealings and activities, Cue informed the Indonesian Regulator of its intention to relinquish the permit on expiry in April 2021

Processes are underway for surrendering the permit. These processes could take until the end of the calendar year.

Corporate

In June 2018, Cue Energy Resources Ltd and Cue Resources Inc. were named as defendants, along with a number of other companies, in litigation in Texas, USA in relation to the Pine Mills oilfield. The case is entitled Hammerhead Managing Partners, LLC v. Nostra Terra Oil & Gas Company, PLC, et al., In the United States District Court For the Northern District of Texas, No. 3:18-cv-1160. In September 2020, the parties to the litigation entered into a settlement agreement that fully and finally concluded the litigation and dismisses it in its entirety. Cue's financial contribution to the settlement was US$350,000.

Cue is taking necessary precautions to look after the wellbeing of staff during the COVID-19 outbreak, with all staff in Melbourne and Jakarta offices working remotely as required by local restrictions.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cue Energy Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

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

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

Chief Executive Officer
Matthew Boyall

Chief Financial Officer and Company Secretary
Melanie Leydin

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

Corporate governance statement
Details of the Company's corporate governance practices are included in the Corporate Governance Statement set out on the Company's website at: http://www.cuenrg.com.au/irm/content/corporate-directory.aspx?RID=295

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

Financial performance
Production revenue for the year was $22.45 million, a decrease of $1.47 million from the previous period (2020: $23.92 million). Production costs decreased by $2.06 million to $10.88 million (2020: $12.94 million).

The consolidated entity reported a net loss after tax of $12.74 million for the year ended 30 June 2021, a decrease of $14.06 million from its $1.31 million profit in 2020. The 2021 operating results included $12.32 million exploration and evaluation expenses for the Ironbark-1 exploration well and $2.55 million in unrealised foreign currency translation losses due to the strong Australian dollar through the year.

Excluding these one-off items, the operating profit of the company was $2.13 million for the year.

The net assets of the consolidated entity decreased by $13.64 million to $29.92 million for the year ended 30 June 2021 (2020: $43.56 million) This was primarily due to settlement of Ironbark-1 exploration expenditure, which resulted in the decrease of restricted cash balances from $12 million at 30 June 2020 to $27,000 at 30 June 2021.Working capital, being current assets less current liabilities, was $20.06 million (30 June 2020: $32.57 million).

The consolidated entity incurred cash outflows from operating activities of $8.03 million for the year ended 30 June 2021 and ended the year with a cash balance of $17.64 million. The consolidated entity has no debt.

Refer to the CEO Report preceding this Director's Report for further details on the operations of the entity.

Significant changes in the state of affairs
On 16 July 2020, the Company issued 3,743,260 unlisted options to eligible employees under the share option scheme, exercisable at $0.117 (11.7 cents). The options will vest on 1 July 2023 and expire on 1 July 2025.

On 19 August 2020, the Company announced the Indonesian Government approval of the Paus Biru gas field Plan of Development in the Sampang PSC and an independent certification of the contingent resources in the field.

On 29 December 2020, the Company provided an update on Ironbark-1 exploration well in WA-359-P in the Carnarvon Basin, offshore Western Australia. The primary target interval was intersected at a depth of 5,275 metres, with no significant hydrocarbon shows encountered in any of the target sands. The well was subsequently plugged and abandoned.

On 15 January 2021, the Company announced that commercial production of oil had commenced from the PB field in the Mahato PSC in Indonesia and the dispute between Cue and the joint operation partners had been settled.

On 25 May 2021, the Company announced that it had executed a sale and purchase agreement (the transaction) to acquire interests in the Mereenie, Dingo and Palm Valley onshore gas and oil fields located in the Amadeus Basin in the Northern Territory, Australia from Central Petroleum Limited (ASX:CPT) (Central) for an upfront payment of $8.7 million and funding of $12 million of Central's exploration appraisal and development costs in the fields.

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

Matters subsequent to the end of the financial year

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

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

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

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

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

Likely developments and expected results of operations

The following activities may affect the expected results of operations:

- Results from the drilling on the PBE-1 well in the Mahato PSC and any subsequent drilling;
- The completion of the announced transaction to acquire Amadeus basin assets from Central Petroleum;
- Progress on Paus Biru Front End Engineering and Design and Final Investment Decision; and
- Actively seeking to acquire new production.

The Coronavirus/Covid-19 global pandemic presents strategic, operational and commercial uncertainties for the Company. There are increased uncertainties around the duration, scale and impact of the Coronavirus/Covid-19 outbreak. The Company is taking various measures to mitigate the impact on its operations including employees, partners and customers. The Board and management team continue to assess the potential impacts on the business, however given the continued uncertainties the future financial impact, if any, cannot be determined.

Environmental regulation

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

Information on directors

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

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

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

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

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

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

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

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

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

Company secretary

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

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors.

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

Meetings of directors

	Full Board Attended	Full Board Held	Remuneration and Nomination Committee Attended	Remuneration and Nomination Committee Held	Audit and Risk Committee Attended	Audit and Risk Committee Held	Operational Risk and Sustainability Committee Attended	Operational Risk and Sustainability Committee Held
Alastair McGregor	7	8	2	3	-	-	-	-
Andrew Jefferies	8	8	3	3	2	2	3	3
Peter Hood AO	8	8	-	-	2	2	-	-
Richard Malcolm	8	8	3	3	-	-	3	3
Rod Ritchie	8	8	3	3	-	-	3	3
Samuel Kellner	7	8	-	-	2	2	-	-
Marco Argentieri	8	8	-	-	-	-	-	-

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

Remuneration report (audited)

This Remuneration Report which has been audited, and which forms part of the Directors' Report, sets out information about the remuneration of Cue Energy Resources Limited's Directors and its senior management for the financial year ended 30 June 2021, in accordance with the Corporations Act 2001 and its regulations.

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

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

(A) Director and executive details

(B) Remuneration policy

(C) Details of remuneration

(D) Equity based remuneration

(E) Relationship between remuneration policy and company performance

(A) Director and executive details

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

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

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

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

- Matthew Boyall (Chief Executive Officer)

(B) Remuneration policy

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

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

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

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

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

(C) Details of remuneration

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

Non-Executive Directors

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

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

Executives

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

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

Fixed compensation

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

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

Cash bonuses

A cash bonus was paid to the CEO during this financial year on the achievement of annual Short Term Incentive (STI) KPI's. Details are disclosed in remuneration table below.

Employment contracts

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

Matthew Boyall
Title: Chief Executive Officer
Original Agreement effective from 1 July 2017, with salary terms revised on 1 October 2018.
Term: Permanent employment contract, no fixed terms.
Details: Base salary of $360,000 per annum plus superannuation to be reviewed annually by the Board. Mr Boyall is also entitled to short-term incentive up to 30% (2020: 30%) of his base salary at the discretion of the Board at the end of each financial year dependent on the success of meeting key deliverables.
Notice period: 3 months

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

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

Compensation of Key Management Personnel - 2021

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

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

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

Compensation of Key Management Personnel - 2020

	Short-term benefits		Long-term benefits	Post employment	Share-based payments	
	Cash salary and fees	Cash bonuses	Long service leave	Superannuation	Equity-settled	Total
2020	$	$	$	$	$	$
Directors						
Peter Hood AO	45,662	-	-	4,338	-	50,000
Richard Malcolm	43,379	-	-	4,121	-	47,500
Rod Ritchie	47,500	-	-	-	-	47,500
Other Key Management Personnel:						
Matthew Boyall**	356,003	91,800	21,193	25,000	51,334	545,330
	492,544	91,800	21,193	33,459	51,334	690,330

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

** Matthew Boyall's cash bonus consists of $91,800 for achieving 85% weighting against 2019 key performance indicators (KPIs). The KPIs were measured against the actual results for the calendar year ending 31 December 2019. Mr Boyall is entitled to up to 30% of base salary in short term incentives.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Directors:						
Peter Hood AO	100%	100%	-	-	-	-
Richard Malcolm	100%	100%	-	-	-	-
Rod Ritchie	100%	100%	-	-	-	-
Other Key Management Personnel:						
Matthew Boyall	75%	74%	13%	17%	12%	9%

(D) Equity based remuneration

Overview of share options

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

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

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

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

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

3,743,260 options were granted under the ESOP during the financial year to 30 June 2021 (2020: 8,131,186). No options were forfeited due to employee departure from the Company during the year. These options did not have any other vesting conditions other than time.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Matthew Boyall	1,288,338	29 July 2019	1 July 2021	1 July 2023	$0.070	$0.040
Matthew Boyall	1,399,595	4 October 2019	1 July 2022	1 July 2024	$0.090	$0.059
Matthew Boyall	1,102,607	16 July 2020	1 July 2023	1 July 2025	$0.117	$0.000

Options granted carry no dividend or voting rights.

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

The tables below set out summary information about the company's earnings and movements in shareholder wealth and key management remuneration for the five years to 30 June 2021.

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Production income from continuing operations	22,449	23,916	25,730	24,547	35,000
Profit/(loss) before income tax expense from continuing operations	(7,442)	5,099	12,856	5,058	(6,975)
Profit/(loss) after income tax expense	(12,743)	1,313	8,549	7,739	(15,032)
Total Key Management Personnel Remuneration	659	690	651	525	2,264

	2021	2020	2019	2018	2017
Share price at start of year (cents)	9.50	8.30	5.70	5.50	8.10
Share price at end of year (cents)	6.00	9.50	8.30	5.70	5.50
Basic earnings/(loss) per share (cents)	(1.83)	0.19	1.22	1.11	(2.48)
Diluted earnings/(loss) per share (cents)	(1.83)	0.19	1.22	1.11	(2.48)

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

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

	Balance at the start of the year	Balance on date of Board appointment	Additions	Disposals/ other	Balance at the end of the year
*Ordinary shares**					
Non-Executive Directors					
Andrew Jefferies	8,000	-	-	-	8,000
Peter Hood AO	80,000	-	-	-	80,000
Other Key Management Personnel					
Matthew Boyall	200,000	-	-	-	200,000
	288,000	-	-	-	288,000

* Alastair McGregor, Richard Malcolm, Rod Ritchie, Samuel Kellner and Marco Argentieri do not hold any fully paid ordinary shares.

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

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Matthew Boyall	2,687,933	1,102,607	-	-	3,790,540
	2,687,933	1,102,607	-	-	3,790,540

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Vesting date	Exercise price	Number under option
29/07/2019	01/07/2023	01/07/2021	$0.07	3,784,025
04/10/2019	01/07/2024	01/07/2022	$0.09	3,853,298
16/07/2020	01/07/2025	01/07/2023	$0.12	3,743,260

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

Shares issued on the exercise of options

There were no ordinary shares of Cue Energy Resources Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Directors' insurance and indemnification of Directors and auditors

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

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

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

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

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

Officers of the company who are former partners of KPMG

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

Rounding of amounts

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the Board

Alastair McGregor
Non-Executive Chairman

18 August 2021

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

To the Directors of Cue Energy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Cue Energy Resources Limited for the financial year ended 30 June 2021 there have been:

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

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

KPMG

Vicky Carlson

Partner

Melbourne

18 August 2021

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

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

Cue Energy Resources Limited
Statement of financial position
As at 30 June 2021

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

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

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

Consolidated	**Contributed equity $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 July 2020	152,416	83	(108,935)	43,564
Loss after income tax expense for the year	-	-	(12,743)	(12,743)
Other comprehensive loss for the year, net of tax	-	(1,085)	-	(1,085)
Total comprehensive loss for the year	-	(1,085)	(12,743)	(13,828)
Transactions with owners in their capacity as owners:				
Share-based payments (note 31)	-	187	-	187
Balance at 30 June 2021	152,416	(815)	(121,678)	29,923

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

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

Note 1. General information

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 August 2021.

Note 2. Significant accounting policies

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

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

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

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

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

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

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

Note 2. 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 2021 and the results of all subsidiaries for the year then ended. Cue Energy Resources Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

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

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

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

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

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

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

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

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

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

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

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

(i) Foreign currency
Functional and presentation currency

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

Note 2. Significant accounting policies (continued)

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.

Foreign operations

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

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

(j) New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Critical accounting estimates and judgements

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

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

(i) Recovery of deferred tax assets
Deferred tax assets are only recognised if management considers it is probable that future tax profits will be available to utilise the unused tax losses (refer to note 8).

(ii) Impairment of production properties
Production properties impairment testing requires an estimation of recoverable amount using a value-in-use model for respective cash generating units. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Other assumptions used in the calculations which could have an impact on future years includes USD rates, available reserves and oil and gas prices (refer to note 13).

Note 3. Critical accounting estimates and judgements (continued)

(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.

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

(vii) Coronavirus (COVID-19) pandemic
In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread globally as well as in Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets, which coincide with the collapse of the global oil price. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19. In order to protect the health and maintain the safety of employees and comply with local regulations, the Company has closed its offices temporarily and arranged for employees to work remotely. At the date of this report, the impact of these measures is not expected to significantly affect the Company's business operations.

Note 4. Financial reporting by segments

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

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

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

Note 4. Financial reporting by segments (continued)

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

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

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

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

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

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

Note 4. Financial reporting by segments (continued)

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

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

Major customers

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

Note 5. Production costs

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

Note 6. Administration expenses

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

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

Note 7. Exploration and evaluation expenditure

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

Accounting policy for exploration and evaluation project expenditure

AASB 6 Exploration for and Evaluation of Mineral Resources allows the Group to either capitalise or expense the exploration and evaluation expenditure incurred. During the financial year the consolidated entity reviewed its criteria under its successful efforts method of accounting. The costs of a successful exploration well are capitalised and carried forward as exploration and evaluation assets pending the evaluation of the success of the well (refer note 12). If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

Note 8. Income tax expense

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

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

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

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

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

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

Note 8. Income tax expense (continued)

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

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

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

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

At 30 June 2021 no franking and imputation credits were held for subsequent reporting periods (2020: nil).

Accounting policy for Income tax

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

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.

Note 8. Income tax expense (continued)

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

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

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

Note 9. Current assets - cash and cash equivalents

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

*Restricted cash in the year ended 30 June 2020 included cash held by the Company as required under the funding arrangement of the WA-359-P Co-ordination Agreement for the by the Ironbark drilling program account. The majority of these funds were drawn down over the period to settle exploration expenditure associated with the WA-359.

Accounting policy for cash and cash equivalents and restricted cash

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

Note 10. Current assets - trade and other receivables

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

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

The consolidated entity has not recognised any losses in profit or loss in respect of the expected credit losses for the year ended 30 June 2021 (2020: Nil).

Note 10. Current assets - trade and other receivables (continued)

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

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

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

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

Note 11. Non-current assets - other financial assets

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

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

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

Accounting policy for other financial assets

Other financial assets are initially measured at fair value and subsequently measured at amortised cost.

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

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

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

Under the criteria the costs of a successful exploration well are capitalised and carried forward as exploration and evaluation assets pending the evaluation of the success of the well. If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

Note 12. Non-current assets - exploration and evaluation assets (continued)

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

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

Note 13. Non-current assets - production properties

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

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

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

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

Estimates of recoverable amounts are based on the assets' value-in-use, determined by discounting each asset's estimated future cash flows at asset specific discount rates and based upon the Group's long term pricing assumptions. The post-tax discount rates applied were 10% (2020: 10%) equivalent to pre-tax discount rates of 14.3% (2020: 14.3%) depending on the nature of the risks specific to each asset. Recoverable amounts are estimated as follows:

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

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

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

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

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

Accounting policy for impairment

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

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

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

Accounting policy for calculation of recoverable amount

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

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

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

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

Note 14. Non-current assets - development assets

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

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

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

Note 15. Current liabilities - trade and other payables

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

Refer to note 20 for further information on financial instruments.

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

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

Note 16. Non-current liabilities - provisions

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

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

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

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

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

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

The provision of future restoration costs is the best estimate of the present value of the future expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the reporting date, with a corresponding change in the cost of the associated asset.

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

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

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

Note 17. Equity - contributed equity

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	698,119,720	698,119,720	152,416	152,416

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

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

Note 18. Equity - capital management

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

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

During 2021 management did not pay any dividends (2020: nil).

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

The gearing ratio is nil for both 2020 and 2021 financial year, as the Group does not have external debt.

Note 19. Equity - reserves

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

Consolidated	Foreign currency reserve $'000	Options reserve $'000	Total $'000
Balance at 1 July 2019	(784)	34	(750)
Foreign currency translation	691	-	691
Share-based payments	-	146	146
Transfer to accumulated losses	-	(4)	(4)
Balance at 30 June 2020	(93)	176	83
Foreign currency translation	(1,085)	-	(1,085)
Share-based payments	-	187	187
Balance at 30 June 2021	(1,178)	363	(815)

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

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

Note 20. Financial instruments

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

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

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

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

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

Risk Exposures and Responses

(a) Fair value risk

The financial assets and liabilities of the Group are recognised in the statement of financial position at their fair value in accordance with the accounting policies set out in these notes to the financial statements. The Group has no debt and trade receivables, other financial assets and trade payables are a reasonable approximation of their fair values due to their short-term nature. Therefore there is no significant fair value risk.

(b) Interest rate risk

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

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

(c) Foreign exchange risk

The Group is subject to foreign exchange risk on its international exploration and appraisal activities where costs are incurred in foreign currencies. However, given the group generates and holds significant balances of foreign currencies, the Group foreign exchange risk exposures are mitigated through natural hedging.

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

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

Note 20. Financial instruments (continued)

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

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

(d) Commodity price risk

The Group is involved in oil and gas exploration and appraisal, and since April 1998 has received revenue from the sale of hydrocarbons. Exposure to commodity price risk is therefore limited to this production and from successful exploration and appraisal activities the quantum of which at this stage cannot be measured.

All gas contracts are fixed, limiting the Group's exposure to fluctuations in gas price.

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

Commodity price risks are measured by monitoring and stress testing the Group’s forecast financial position to sustained periods of low oil and gas prices. This analysis is regularly performed on the Group’s portfolio and, as required, for discrete projects and acquisitions.

(e) Liquidity risk

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

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

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

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

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

30 June 2021 Non-derivative financial liabilities	12 months or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Trade and other payables (note 15)	2,960	-	-	-
Lease liabilities	52	62	83	-

Note 20. Financial instruments (continued)

30 June 2020 Non-derivative financial liabilities	12 months or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Trade and other payables (note 15)	2,044	-	-	-
Lease liabilities	80	16	-	-

(f) Credit risk

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

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

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

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

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

Note 21. Key management personnel disclosures and related party disclosures

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

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

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

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

Matthew Boyall (Chief Executive Officer)

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

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

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

Other related party transactions

Repayment of amounts owing to the Company as at 30 June 2021 and all future debts due to the Company, by the controlled entities are subordinated in favour of all other creditors. Cue Energy has agreed to provide sufficient financial assistance to the controlled entities as and when it is needed to enable the controlled entities to continue operations.

The parent company provides management, administration and accounting services to the subsidiaries. No management fees were charged to subsidiaries in the 2020 and 2021 financial years.

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

During the financial year, NZOG provided technical and legal services to the Group under consulting agreements. The arrangements are on normal commercial terms. As at 30 June 2021, $661k was accrued for services rendered from the immediate parent company (2020: $99k).

Note 22. Auditors' remuneration

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

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

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

Note 23. Contingent assets and liabilities

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

Note 24. Commitments for expenditure

	Consolidated	
	2021	2020
	$'000	$'000
*a) Exploration tenements**		
The Group participates in a number of licences, permits and production sharing contracts for which the Group has made commitments with relevant governments to complete minimum work programmes.		
Within one year	414	24,593
One to five years	-	-
	414	24,593
*b) Production development expenditure***		
The Group participates in a number of development projects that were in progress at the end of the period. These projects require the Group, either directly or through joint operation arrangements, to enter into contractual commitments for future expenditures.		
Within one year	2,319	817
One to five years	-	-
	2,319	817

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

All commitments relate to Joint Operation projects.

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

Note 25. Parent entity information

Cue Energy Resources Limited is the parent entity.

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	$'000	$'000
Loss after income tax	(4,588)	(2,501)
Total comprehensive loss	(4,588)	(2,501)

Note 25. Parent entity information (continued)

Statement of financial position

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

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 (2020: nil).

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

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

Note 26. Shares in subsidiaries

Shares held by parent entity at the reporting date:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Cue Mahato Pty Ltd	Australia	100.00%	100.00%
Cue Mahakam Hilir Pty Ltd	Australia	100.00%	100.00%
Cue Kalimantan Pte Ltd*	Singapore	100.00%	100.00%
Cue (Ashmore Cartier) Pty Ltd	Australia	100.00%	100.00%
Cue Sampang Pty Ltd	Australia	100.00%	100.00%
Cue Taranaki Pty Ltd	Australia	100.00%	100.00%
Cue Exploration Pty Ltd	Australia	100.00%	100.00%
Cue Palm Valley Pty Ltd**	Australia	100.00%	-
Cue Mereenie Pty Ltd**	Australia	100.00%	-
Cue Dingo Pty Ltd**	Australia	100.00%	-

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

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

Note 27. Interests in joint operations

Property	Operator	Cue Interest 2021 (%)	Cue Interest 2020 (%)	Permit expiry date
Petroleum exploration properties				
Carnarvon Basin - Western Australia				
WA-359-P	BP Developments Australia Pty Ltd	21.5*	21.5	25/04/2021
WA-389-P	Cue Exploration Pty Ltd	100	100	08/04/2021
WA-409-P	BP Developments Australia Pty Ltd	20**	20	12/10/2022
Indonesia				
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100*	100	15/04/2021
Petroleum production properties				
New Zealand				
PMP38160	OMV New Zealand Limited	5	5	02/12/2027
Indonesia				
Sampang	Medco Energi Sampang Pty Ltd	15 (8.18 Jeruk Field)	15 (8.18 Jeruk Field)	04/12/2027
Mahato PSC	Texcal Mahato EP Ltd	12.5	12.5	20/07/2042

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

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

Note 28. Events after the reporting period

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

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

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

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

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

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

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

Note 30. Earnings per share

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

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

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

Accounting policy for earnings per share

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

Note 30. Earnings per share (continued)

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

Note 31. Share-based payments

On 16 July 2020, the Company issued 3,743,260 unlisted options to eligible employee under the share option scheme. The options are exercisable at $0.0117 (11.7 cents) per option, and will vest on 1 July 2021 and expire on 1 July 2025.

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

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

2021

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

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/07/2019	01/07/2023	$0.070	4,277,888	-	-	(493,863)	3,784,025
04/10/2019	01/07/2024	$0.090	-	3,853,298	-	-	3,853,298
			4,277,888	3,853,298	-	(493,863)	7,637,323
Weighted average exercise price			$0.070	$0.090	$0.000	$0.070	$0.080

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/07/2020	01/07/2025	$0.110	$0.117	57.00%	-	0.43%	$0.051

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

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

Note 31. Share-based payments (continued)

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

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

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

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

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

In the directors' opinion:

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

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

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

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

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

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

On behalf of the directors

Alastair McGregor
Non-Executive Chairman

18 August 2021

Independent Auditor's Report

To the shareholders of Cue Energy Resources Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of Cue Energy Resources Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

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

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

KPMG

Key Audit Matters

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

- Carrying value of production properties; and
- Restoration provisions

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

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

Carrying value of production properties

Non-current assets – production properties: $18.3m (refer to Note 13)

The key audit matter	How the matter was addressed in our audit
We identified the assessment of possible indicators of impairment and where required impairment testing of Cash Generating Units (CGUs) as a key audit matter. This was due to the size of production properties and the complex auditor judgement and level of specialised skills needed to evaluate certain assumptions used in this process, and the impairment of the Maari CGU in the prior period. In assessing indicators of impairment, or reversal of previously recorded impairment, the Group considers different internal and external factors. The process for identifying determining the recoverable amount of CGUs requires an estimate of future cash flows using forward looking assumptions which are inherently difficult to determine with precision and require judgement to be applied. These conditions require additional scrutiny by us, in particular to address the objectivity of the inputs, and their consistent application. Key inputs into these forward-looking estimates that we focused on, include: • Future oil and gas prices. The Group's models are sensitive to small changes in price assumptions; • Reserves, future production volumes and future capital expenditure and operating cash flows. These are determined by the Group based on historical performance adjusted for expected changes. This drives additional audit effort around the feasibility of forecasts; and • Discount rates. These are complicated in nature	Our procedures included: • Testing key internal controls in the Group's impairment assessment process. This included the determination, review and approval by the Group of indicators of impairment or impairment reversals and key impairment model inputs; • Assessing the appropriateness of the impairment testing methodology applied by the Group against the requirements of accounting standards; • Evaluating the Group's impairment indicator assessment utilising our knowledge of the Group and the Oil and Gas industry; As part of the testing over CGUs with impairment indicators, our procedures also included: • Assessing the integrity of the impairment models including the accuracy of the underlying calculation formulas; • Evaluating key inputs used in the Group's impairment models by: – Working with our valuation specialists we evaluated future oil and gas prices by comparing to published forecast commodity prices and views of market commentators on future trends; – Comparing future capital and operating expenditures and reserves to board approved asset plans and long-term

and vary according to the conditions and environment that the CGUs are subject to from time to time. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	budgets. We assessed the Group's ability to budget accurately by comparing prior years' estimated cash flows to actual results; – Evaluating the scope, competency, and objectivity of the Group's external experts who produced reserve estimates and future production volumes used in the impairment model. We assessed the methodology used against industry accepted practice. We assessed consistency of assumptions used in the reserves estimate and future production volumes to publicly available information from joint operation partners and other assumptions used in the Group's impairment model; – Assessed the feasibility of future operating and capital expenditure and future production volumes by comparing to publicly available information from joint operation partners, past performance and the Group's long-term budgets; – Working with our valuation specialists we analysed the Group's discount rate against publicly available risk-free rates and data of a group of comparable entities; and – Considering the sensitivity of the model by varying key assumptions, such as future oil and gas prices, production volumes, capital and operating expenditures, and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures; and • Assessing the appropriateness of the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of accounting standards.

Restoration provisions	
Non-current liabilities – restoration provisions: $15.6m (refer to Note 16)	
The key audit matter	**How the matter was addressed in our audit**
We identified restoration provisions as a key audit matter due to: • The Group's assets being long-life, which increases estimation uncertainty relating to forecast restoration cash flows which require auditor judgement and specialised skills to evaluate their appropriateness; • The significant size of the restoration provisions relative to the Group's financial position; and The Group incurs obligations to close, restore and rehabilitate its sites and associated facilities. We focussed on the following key estimates made by the Group in determining its restoration provision: • The useful life of asset including the economic reserves and production profiles; • The interpretation of legislative regulatory requirements governing its sites; • The cost and timing of future rehabilitation costs; and • Discount rates applied to the Group's net present value of forecast cash flows used to determine the restoration provision.	Our procedures included: • Testing key controls in the Group's process to determine the restoration provision. This included the determination, review and approval by the Group of key inputs included in the calculation such as life of asset reserves and production profiles, discount rates, future restoration costs, and timing of future cash flows; • Assessing the nature and extent of the work performed by the Group's external expert in identifying future restoration activities and assessing the timing and likely cost of such activities. We compared the nature and extent of restoration work to the relevant regulatory requirements, and inspected relevant correspondence from government and regulatory bodies. We compared the timing of restoration activities to the Group's reserves and resources estimates, expected production profile and useful life; • Using our knowledge of the Group and our industry experience, and considering other publicly available information from the joint operation partners, we assessed the feasibility of the future restoration costs and their timing; • Evaluating the scope, competency and objectivity of the Group's external expert; • Evaluating the discount rates applied to the Group's net present value of the restoration provision against publicly available data, including risk free rates; and • Assessing the integrity of the provision calculation including the accuracy of the underlying calculation formulas. .

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing an*

Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Cue Energy Resources Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2021.

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

KPMG

KPMG

Vicky Carlson

Partner

Melbourne

18 August 2021

Shareholder Information

1. Distribution of equitable securities

The shareholder information set out below was applicable as at 6 August 2021.

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	68	-	-	-
1,001 to 5,000	191	0.09	-	-
5,001 to 10,000	541	0.68	-	-
10,001 to 100,000	1,699	8.48	-	-
100,001 and over	330	90.75	8	100.00
	2,829	100.00	8	100.00
Holding less than a marketable parcel	378	-	-	-

2. Registered Top 20 Shareholders

The registered names and holdings of the 20 largest holdings of quoted ordinary shares in the Company as at 6 August 2021:

	Ordinary shares	
Shareholder	**Number held**	**% of total shares issued**
1. NZOG Offshore Limited	349,368,803	50.04
2. BNP Paribas Noms Pty Ltd (DRP)	116,639,660	16.71
3. Citicorp Nominees Pty Limited	10,792,947	1.55
4. Portfolio Securities Pty Ltd	10,000,000	1.43
5. HSBC Custody Nominees (Australia) Limited	6,849,997	0.98
6. Reviresco Nominees Pty Ltd (Reviresco S/F A/C)	6,000,000	0.86
7. Zilstame Nominees Pty Ltd	5,827,670	0.83
8. Finot Pty Ltd	5,000,000	0.72
9. Andrew Mark Wilmot Seton	3,500,000	0.50
10. Beira Pty Limited	3,458,000	0.50
11. Grizzley Holdings Pty Limited	3,202,203	0.46
12. Lakemba Pty Ltd	2,984,051	0.43
13. Berne No 132 Nominees Pty Ltd <52293 A/C>	2,500,000	0.36
14. JBM Trading Pty Ltd	2,500,000	0.36
15. BNP Paribas Nominees Pty Ltd - Ib Au Noms Retailclient Drp	1,998,461	0.29
16. Mr Damiano Giorgio Pilla	1,996,427	0.29
17. Mr Stephen Alan McCabe	1,742,717	0.25
18. Andrew Knox	1,721,007	0.25
19. Brinkworth Investment Pty Ltd - Brinkworth A/C	1,450,000	0.21
20. Mana Nominees Limited - No 1 Account	1,348,725	0.19
	538,880,668	77.21

3. Unquoted equity securities

	Number on issue	Number of holders
Unquoted options over ordinary shares	15,979,587	8

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

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

4. Vendor Securities

There are no restricted securities on issue as at 6 August 2021.

5. Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
NZOG Offshore Limited	349,368,803	50.04
BNP Paribas Noms Pty Ltd (DRP)	116,639,660	16.71

6. Voting rights

At meeting of members or classes of members:

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

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

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

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

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

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

7. Annual General Meeting and Director Nominations Closing date

Cue Energy Resources Limited advises that its Annual General Meeting will be held on or about Thursday 28 October 2021. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

The Closing date for receipt of nomination for the position of Director is 16 September 2021. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 16 September 2021 at the Company's Registered Office.

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

8. Share registry

Enquiries

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

Change of shareholder details

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

- Registered name
- Registered address
- Direct credit payment details

Computershare Investor Services Pty Ltd

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

9. Sharecodes

ASX Share Code: CUE