



ABN 45 066 383 971

FY17 Full Year Preliminary Results

29th August 2017

Cue Energy Resources Ltd (ASX:CUE) The last two years have been particularly challenging for Cue as the Company re-set its strategy and completed material transformation activities. Cue impaired the exploration and evaluation expenditure previously capitalised, expensed current exploration and impaired production assets owing to the lower oil price and diminishing reserves, resulting in over \$100m of ordinary activity losses in FY16 and FY17. In addition, exploration activities and overhead costs were right-sized to match the Company's simplified portfolio and maximise shareholder value by creating a sustainable business that could operate within its means, deliver disciplined growth, and retain step-change growth options.

Since June 2015, the Company's cash position has continued to reduce from \$27m to \$12.4m at 30 June 2017 as long outstanding commercial disputes from 2011 were resolved & settled, redundancy payments paid and loss making overseas assets sold.

This year, important overhead cost reduction initiatives initiated during FY16 continued, including reducing staff numbers and relocating to cheaper offices; aligning our cost base with our lower exploration activity levels, future production receipts and the expected commodity price outlook.

Summary of Results for Year ended 30 June 2017

		2017	2016
		\$ '000	\$ '000
Revenues from ordinary activities of continuing operations	Down 22.9% to	35,000	45,412
Loss from ordinary activities after tax attributable to the owners of Cue Energy Resources Limited	Down 80.1% to	(17,299)	(86,835)
Loss for the year attributable to the owners of Cue Energy Resources Limited	Down 80.1% to	(17,299)	(86,835)
EBITDA	Up 96% to	(2,835)	(71,445)

Cash Position

Excluding one off items associated with restructuring and the Jeruk Project reimbursement, Cue achieved positive cashflow of \$4.3 million, in a year when the price of oil continued to remain low and Maari production suffered a 6 week interruption.

	2017	2016
	\$ '000	\$ '000
Net Cash Outflow for the year	(7,121)	(6,167)
Addback: Non Recurring Cash Expenditure		-
- Jeruk Project Reimbursement	9,631	202
- Restructuring	1,750	115
Normalised Net Cash inflow/(outflow) for the year	4,260	(5,850)

The company ended the year with cash and cash equivalents of \$12.4 million and no debt.

FY18 Outlook

The transformation activities delivered over the last two years provide a solid foundation for FY18 and beyond. With reduced administration costs of circa \$2 million per year and forecast steady production from Maari and Sampang, the Company's operations should be cashflow positive, funding the pursuit of growth opportunities within our portfolio.

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In Australia, the Ironbark prospect in WA-359-P could provide transformational change to Cue if partners can be attracted and the Ironbark-1 well is successful. The well is currently 50% funded if BP exercise their equity option and Cue is continuing discussions with other parties to attract further partners to participate in the well.

In Indonesia, the Sampang PSC conversion to gas only, which will lower costs and extend the field life, is on target to be completed in the first half of FY18 and the Joint Venture is in the final stages of reviewing the Paus near field exploration drilling opportunity, which could be approved during the year and proceed during FY19. Additionally, a well is being planned in the Mahato PSC and the Company is encouraged by the results that are being seen after reviewing additional data in the Mahakam Hilir PSC.

Mr Matthew Boyall, the CEO commented "The Cue business and portfolio is significantly simplified and the Company is now sustainable. I am confident the Company's growth activities will be value adding in 2018."

Cue Energy Resources Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Cue Energy Resources Limited
ABN:	45 066 383 971
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities of continuing operations	down	22.9% to	35,000
Loss from ordinary activities after tax attributable to the owners of Cue Energy Resources Limited	down	80.1% to	(17,299)
Loss for the year attributable to the owners of Cue Energy Resources Limited	down	80.1% to	(17,299)

Dividends

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>4.2</u>	<u>6.7</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Name of entities (or group of entities)	Buccaneer Operating LLC Cheetah Energy LLC
Date control lost	1 November 2016

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.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion will be issued.

10. Attachments

Details of attachments (if any):

The Preliminary Final Report of Cue Energy Resources Limited for the year ended 30 June 2017 is attached.

11. Signed

Signed _____



Grant A. Worner
Non-Executive Chairman

Date: 29 August 2017

Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 \$'000	2016 \$'000
Revenue			
Production revenue from continuing operations		35,000	45,412
Production costs	4	<u>(21,860)</u>	<u>(30,585)</u>
Gross profit from production		13,140	14,827
Other income		219	3,779
Net foreign currency exchange loss		(451)	(90)
Expenses			
Impairment - Production		(6,386)	(25,103)
Impairment of exploration and evaluation expenditure		-	(49,963)
Exploration and evaluation expenditure		(8,369)	(16,329)
Administration expenses	5	<u>(5,128)</u>	<u>(6,720)</u>
Loss before income tax expense from continuing operations		(6,975)	(79,599)
Income tax expense		<u>(8,057)</u>	<u>(4,800)</u>
Loss after income tax expense from continuing operations		(15,032)	(84,399)
Loss after income tax expense from discontinued operations	6	<u>(2,312)</u>	<u>(3,062)</u>
Loss after income tax expense for the year		(17,344)	(87,461)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(42)	(1,624)
Reversal of Non-Controlling interest on disposal		<u>669</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>627</u>	<u>(1,624)</u>
Total comprehensive income for the year		<u><u>(16,717)</u></u>	<u><u>(89,085)</u></u>
Loss for the year is attributable to:			
Non-controlling interest		(45)	(626)
Owners of Cue Energy Resources Limited		<u>(17,299)</u>	<u>(86,835)</u>
		<u><u>(17,344)</u></u>	<u><u>(87,461)</u></u>
Total comprehensive income for the year is attributable to:			
Continuing operations		-	-
Discontinued operations		<u>(45)</u>	<u>(626)</u>
Non-controlling interest		<u>(45)</u>	<u>(626)</u>
Continuing operations		(14,405)	(85,397)
Discontinued operations		<u>(2,267)</u>	<u>(3,062)</u>
Owners of Cue Energy Resources Limited		<u>(16,672)</u>	<u>(88,459)</u>
		<u><u>(16,717)</u></u>	<u><u>(89,085)</u></u>

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 profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated	
		2017 \$'000	2016 \$'000
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share		(2.15)	(12.09)
Diluted earnings per share		(2.15)	(12.09)
Earnings per share for loss from discontinued operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share		(0.33)	(0.35)
Diluted earnings per share		(0.33)	(0.35)
Earnings per share for loss attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share		(2.48)	(12.44)
Diluted earnings per share		(2.48)	(12.44)

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 2017

	Note	Consolidated 2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	12,420	20,490
Trade and other receivables		4,372	4,481
Inventories		547	1,609
Non-current assets classified as held for sale		-	4,095
Total current assets		<u>17,339</u>	<u>30,675</u>
Non-current assets			
Property, plant and equipment		38	59
Production properties		30,082	42,564
Total non-current assets		<u>30,120</u>	<u>42,623</u>
Total assets		<u>47,459</u>	<u>73,298</u>
Liabilities			
Current liabilities			
Trade and other payables		3,931	9,050
Tax liabilities		3,942	1,865
Provisions		475	640
Liabilities directly associated with assets classified as held for sale		-	2,017
Total current liabilities		<u>8,348</u>	<u>13,572</u>
Non-current liabilities			
Deferred tax liabilities		3,401	4,167
Provisions		9,839	12,971
Total non-current liabilities		<u>13,240</u>	<u>17,138</u>
Total liabilities		<u>21,588</u>	<u>30,710</u>
Net assets		<u>25,871</u>	<u>42,588</u>
Equity			
Issued capital	8	152,416	152,416
Reserves		-	42
Accumulated losses		(126,545)	(109,246)
Equity attributable to the owners of Cue Energy Resources Limited		<u>25,871</u>	<u>43,212</u>
Non-controlling interest		-	(624)
Total equity		<u>25,871</u>	<u>42,588</u>

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

Cue Energy Resources Limited
Statement of changes in equity
For the year ended 30 June 2017

Consolidated	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2015	152,416	1,666	(22,411)	2	131,673
Loss after income tax expense for the year	-	-	(86,835)	(626)	(87,461)
Other comprehensive income for the year, net of tax	-	(1,624)	-	-	(1,624)
Total comprehensive income for the year	-	(1,624)	(86,835)	(626)	(89,085)
Balance at 30 June 2016	<u>152,416</u>	<u>42</u>	<u>(109,246)</u>	<u>(624)</u>	<u>42,588</u>

Consolidated	Issued capital \$'000	Foreign currency translation Reserve \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2016	152,416	42	(109,246)	(624)	42,588
Loss after income tax expense for the year	-	-	(17,299)	(45)	(17,344)
Other comprehensive income for the year, net of tax	-	(42)	-	669	627
Total comprehensive income for the year	-	(42)	(17,299)	624	(16,717)
Balance at 30 June 2017	<u>152,416</u>	<u>-</u>	<u>(126,545)</u>	<u>-</u>	<u>25,871</u>

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

Cue Energy Resources Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		35,608	45,166
Insurance refunds received		-	3,720
Interest received		160	58
Payments to suppliers (inclusive of GST)		(16,312)	(23,946)
Exploration and evaluation expenditure		(13,900)	(17,891)
Income tax paid		(6,736)	(5,160)
Royalties paid		(470)	(836)
		<u> </u>	<u> </u>
Net cash from/(used in) operating activities	9	<u>(1,650)</u>	<u>1,111</u>
Cash flows from investing activities			
Payments with respect to production properties		(6,434)	(7,122)
Payments for plant and equipment		(11)	(156)
Proceeds from disposal of investments		974	-
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(5,471)</u>	<u>(7,278)</u>
Net decrease in cash and cash equivalents		(7,121)	(6,167)
Cash and cash equivalents at the beginning of the financial year		20,490	27,605
Effects of exchange rate changes on cash and cash equivalents		(949)	(948)
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	7	<u><u>12,420</u></u>	<u><u>20,490</u></u>

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

Note 1. General information

The preliminary financial report covers 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 preliminary financial report is 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 preliminary financial report was authorised for issue, in accordance with a resolution of directors, on 29 August 2017.

Note 2. Summary of significant accounting policies

Cue Energy Resources Limited is a for-profit Public Company listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The financial statements are presented in Australian Dollars, which is the Company's functional currency.

(a) Operations and principle activities

Operations comprise petroleum exploration, development and production activities.

(b) Statement of compliance

The preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E. It is presented in Australian dollars which has been prepared in accordance with the measurement and recognition requirements of 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 accounting policies set out below have been applied consistently to all periods presented in this report.

(c) Basis of preparation

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

These financial statements present the results of the consolidated entity only.

Note 2. Summary of significant accounting policies (continued)

(d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cue Energy Resources Limited ("company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Cue Energy Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

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

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

(e) Revenue recognition

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

Sales Revenue

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

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

(f) Rounding

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

(g) Comparative figures

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

Note 2. Summary of significant accounting policies (continued)

(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 financial statements of each group entity are measured using their relevant functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of financial year.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Foreign operations

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

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

Note 3. Financial reporting by segments

Segment Information

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

Note 3. Financial reporting by segments (continued)

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.

The principal business of the group is the production and exploration for hydrocarbons in Australia, New Zealand, Indonesia and USA. The Board considers the business from both a product and geographic perspective and has identified four reportable segments. Information regarding the Group's reportable segments is presented below:

	Australia \$'000	NZ \$'000	Indonesia \$'000	USA \$'000	Disc. Ops USA* \$'000	Total \$'000
2017						
Revenue						
Gas revenue from continuing operations	-	-	21,597	-	-	21,597
Oil revenue from continuing operations	-	10,485	2,918	-	-	13,403
Production revenue from continuing operations	-	10,485	24,515	-	-	35,000
Production revenue from discontinuing operations	-	-	-	-	593	593
Production revenue	-	10,485	24,515	-	593	35,593
Production expenses	-	(5,708)	(9,756)	(34)	(845)	(16,343)
Gross profit		4,777	14,759	(34)	(252)	19,250
Other revenue	215	-	4	-	-	219
Impairment - production	-	(6,386)	-	-	-	(6,386)
Exploration and evaluation expenditure	(2,490)	6	(5,885)	-	-	(8,369)
Foreign exchange movement	(407)	-	(34)	(10)	29	(422)
Earnings before interest expense, tax, depreciation and amortisation	(7,780)	(1,603)	8,844	(44)	(2,252)	(2,835)

	Australia \$'000	NZ \$'000	Indonesia \$'000	USA* \$'000	Total \$'000
2016					
Revenue					
Gas revenue from continuing operations	-	-	27,354	-	27,354
Oil revenue from continuing operations	-	13,091	4,967	-	18,058
Production revenue from continuing operations	-	13,091	32,321	-	45,412
Production revenue from discontinuing operations	-	-	-	984	984
Production revenue	-	13,091	32,321	984	46,396
Production expenses	-	(6,608)	(13,045)	(2,720)	(22,373)
Gross profit		6,483	19,276	(1,736)	24,023
Other revenue	60	3,720	-	123	3,903
Impairment - production	-	(25,103)	-	-	(25,103)
Impairment - E&E	-	(3,921)	(46,042)	-	(49,963)
Foreign exchange movement	(90)	-	-	-	(90)
Earnings before interest expense, tax, depreciation and amortisation	(9,289)	(22,907)	(36,438)	(2,811)	(71,445)

Note 3. Financial reporting by segments (continued)

	Australia \$'000	NZ \$'000	Indonesia \$'000	USA \$'000	Disc. Ops USA* \$'000	Total \$'000
TOTAL SEGMENT ASSETS						
Current Assets	10,439	1,923	4,968	9	-	17,339
Non-current Assets	38	21,857	8,225	-	-	30,120
Total 30 June 2017 Assets	10,477	23,780	13,193	9	-	47,459
Current Assets	16,588	1,911	8,081	-	4,095	30,675
Non-current Assets	59	32,629	9,935	-	-	42,623
Total 30 June 2016 Assets	16,647	34,540	18,016	-	4,095	73,298
TOTAL SEGMENT LIABILITIES						
Current Liabilities	1,680	1,079	5,589	-	-	8,348
Non-current Liabilities	24	9,500	3,716	-	-	13,240
Total 30 June 2017 Liabilities	1,704	10,579	9,305	-	-	21,588
Current Liabilities	1,323	1,209	9,023	-	2,017	13,572
Non-current liabilities	31	12,421	4,685	-	-	17,137
Total 30 June 2016 Liabilities	1,354	13,630	13,708	-	2,017	30,709

* discontinuing/discontinued operations

Major customers

The Group has a number of customers to whom it provides both oil and gas products. The Group supplies a single external customer in the gas segment who accounts for 100% of external gas revenue (2016: 100%).

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

	Consolidated	
	2017 \$'000	2016 \$'000
EBITDA	(2,835)	(71,445)
Depreciation	(32)	(34)
Amortisation	(6,420)	(11,107)
Loss before income tax expense (including discontinued operations)	<u>(9,287)</u>	<u>(82,586)</u>

Note 4. Production costs

	Consolidated	
	2017 \$'000	2016 \$'000
Production costs	15,498	19,653
Amortisation of production properties	<u>6,362</u>	<u>10,932</u>
	<u>21,860</u>	<u>30,585</u>

Note 5. Administration expenses

	Consolidated	
	2017	2016
	\$'000	\$'000
Depreciation of property, plant and equipment	32	34
Employee expenses	3,647	4,793
Superannuation contribution expense	169	245
Operating lease expenses	290	254
Other expenses	808	1,003
Business development expenses	182	391
	<hr/>	<hr/>
Total administration expenses	<u>5,128</u>	<u>6,720</u>

Note 6. Discontinued operations

Description

On 1 November 2016, the consolidated entity sold its interest in Pine Mills production property in East Texas. During the prior period, the interest in the Pine Mills production property in East Texas and the Pine Mills asset was classified as held for sale. Cue intends to focus on core business in South East Asia and Australasia.

Financial performance information

	Consolidated	
	2017	2016
	\$'000	\$'000
Production revenue	593	984
Foreign currency exchange gain	29	123
Total revenue	<hr/> 622	<hr/> 1,107
Operating expense	(845)	(2,720)
Impairment expense	-	(1,200)
Amortisation expense	(60)	(175)
Loss on disposal	(1,360)	-
Total expenses	<hr/> (2,265)	<hr/> (4,095)
Loss before income tax expense	(1,643)	(2,988)
Income tax expense	-	(74)
Loss after income tax expense	<hr/> (1,643)	<hr/> (3,062)
Reversal of Non-controlling interest	(669)	-
Income tax expense	-	-
Loss on disposal after income tax expense	<hr/> (669)	<hr/> -
Loss after income tax expense from discontinued operations	<u>(2,312)</u>	<u>(3,062)</u>

Note 6. Discontinued operations (continued)

Cash flow information

	Consolidated	
	2017	2016
	\$'000	\$'000
Net cash used in operating activities	(446)	(2,239)
Net cash used in investing activities	(22)	(173)
Net cash from financing activities	-	2,232
	<hr/>	<hr/>
Net decrease in cash and cash equivalents from discontinued operations	(468)	(180)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2017	2016
	\$'000	\$'000
Bond	67	-
Accounts receivables	347	-
Acquisition cost	3,824	-
Capitalised expenditure	336	-
Pine Mills abandonment assets	554	-
Cheetah Rig Asset	115	-
Total assets	<hr/> 5,243 <hr/>	<hr/> - <hr/>
Acquisition carry	1,008	-
Capital contributions	67	-
Opex contributions	79	-
Abandonment provision	559	-
Pine Mills impairment write down	1,196	-
Total liabilities	<hr/> 2,909 <hr/>	<hr/> - <hr/>
Net assets	<hr/> 2,334 <hr/>	<hr/> - <hr/>

Details of the disposal

	Consolidated	
	2017	2016
	\$'000	\$'000
Total sale consideration	974	-
Carrying amount of net assets disposed	<hr/> (2,334) <hr/>	<hr/> - <hr/>
Loss on disposal before income tax	<hr/> (1,360) <hr/>	<hr/> - <hr/>
Loss on disposal after income tax	<hr/> (1,360) <hr/>	<hr/> - <hr/>

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2017	2016
	\$'000	\$'000
Cash at bank	<u>12,420</u>	<u>20,490</u>

Accounting policy for cash and cash equivalents

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

Note 8. Equity - issued capital

	Consolidated			
	2017	2016	2017	2016
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>698,119,720</u>	<u>698,119,720</u>	<u>152,416</u>	<u>152,416</u>

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

Accounting policy for issued capital

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

	Consolidated	
	2017	2016
	\$'000	\$'000
Loss after income tax expense for the year	(17,344)	(87,461)
Adjustments for:		
Abandonment provision write back	3,083	-
Increase/(decrease) in assets	1,172	2,060
(Increase)/decrease in liabilities	(3,466)	16
Production property write down	6,446	23,241
Exploration impairment	-	49,990
Depreciation	32	34
Amortisation	6,362	11,107
Loss from discontinued operations	2,312	3,062
Reversal of Non-controlling interest	(669)	-
Net gain on foreign currency conversion	422	(938)
Net cash from/(used in) operating activities	<u>(1,650)</u>	<u>1,111</u>