

Cue Energy Resources Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Cue Energy Resources Limited
ABN:	45 066 383 971
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				\$'000
Revenues from operations	up	21.7%	to	29,291
Profit from ordinary activities after tax attributable to the owners of Cue Energy Resources Limited	up	33.8%	to	9,072
Profit for the half-year attributable to the owners of Cue Energy Resources Limited	up	33.8%	to	9,072

Dividends

On 28 February 2024, the Board of Directors approved the declaration of a special distribution of \$0.02 (2 cents) per fully paid ordinary share, totalling approximately \$14 million, reflecting the recent financial performance of the Company. This special distribution has been declared as a Conduit Foreign Income (CFI), unfranked special dividend and will be paid 5 April 2024.

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

Comments

The consolidated entity's profit after providing for income tax for the six months ended 31 December 2023 (1H FY2024) amounted to \$9.07 million (1H FY2023: \$6.78 million) and EBITDAX of \$19.29 million (1H FY2023: \$15.93 million).

Financial position

The net assets of the consolidated entity increased by \$8.56 million to \$72.75 million during 1H FY2024 (30 June 2023: \$64.19 million).

Operating results for the half year

	Consolidated	Consolidated
	Period ended	Period ended
	31 December	31 December
	2023	2022
	\$'000	\$'000
Profit before tax	15,266	10,398
Finance costs	245	1,031
Depreciation and amortisation	3,569	2,231
EBITDA	<u>19,080</u>	<u>13,660</u>
Business development expenses/(reversal)	29	(16)
Share based payments	51	45
Exploration and evaluation expenses	<u>130</u>	<u>2,237</u>
EBITDAX	<u><u>19,290</u></u>	<u><u>15,926</u></u>

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

Cue Energy Resources Limited
Appendix 4D
Half-year report

Production revenue for 1H FY2024 was \$29.29 million, an increase of \$5.22 million from 1H FY2023: \$24.07 million. This was mainly attributable to:

- the positive impact on Mahato production levels of drilling additional wells since 31 December 2022;
- two lifts at Maari in 1H FY2024 compared to one in the 1H FY2023; and
- the full impact in the 1H FY2024 of successful drilling completed at Palm Valley in December 2022.

Exploration expenses were \$0.13 million for the period (1H FY2023: \$2.24 million), 1H FY2023 expenses primarily being comprised of \$2.14 million in respect of the Palm Valley-12 well.

Corporate & Administration expenses of \$1.44 million were \$0.23 million higher than \$1.21 million for 1H FY2023.

Cash position

The Group's consolidated cash and cash equivalents and cash held on term deposit at 31 December 2023 was \$23.17 million (30 June 2023: \$15.24 million). The increase of \$7.93 million in cash and cash equivalents was primarily due to net cash operating inflows of \$16.91 million, inclusive of the one-off settlement of Mahato's contract assets, which were \$5.12 million at 30 June 2023.

During 1H FY2024, the consolidated entity repaid the remaining \$4.00 million in outstanding unsecured loans to New Zealand Oil & Gas Ltd (NZOG).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>10.42</u>	<u>9.20</u>

4. Controlled businesses

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

On 28 February 2024, the Board of Directors approved the declaration of a special distribution of \$0.02 (2 cents) per fully paid ordinary share, totalling approximately \$14 million, reflecting the recent financial performance of the Company. This special distribution has been declared as a Conduit Foreign Income (CFI), unfranked special dividend and will be paid 5 April 2024.

Previous period

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

7. Details of associates and joint operation entities

Not applicable.

8. Foreign entities

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

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

9. Audit qualification or review

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

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

10. Attachments

Details of attachments (if any):

The Half-year Financial Report of Cue Energy Resources Limited for the half-year ended 31 December 2023 is attached.

11. Signed



Signed _____

Date: 28 February 2024

Alastair McGregor
Non-Executive Chairman

Cue Energy Resources Limited

ABN 45 066 383 971

Half-year Financial Report - 31 December 2023

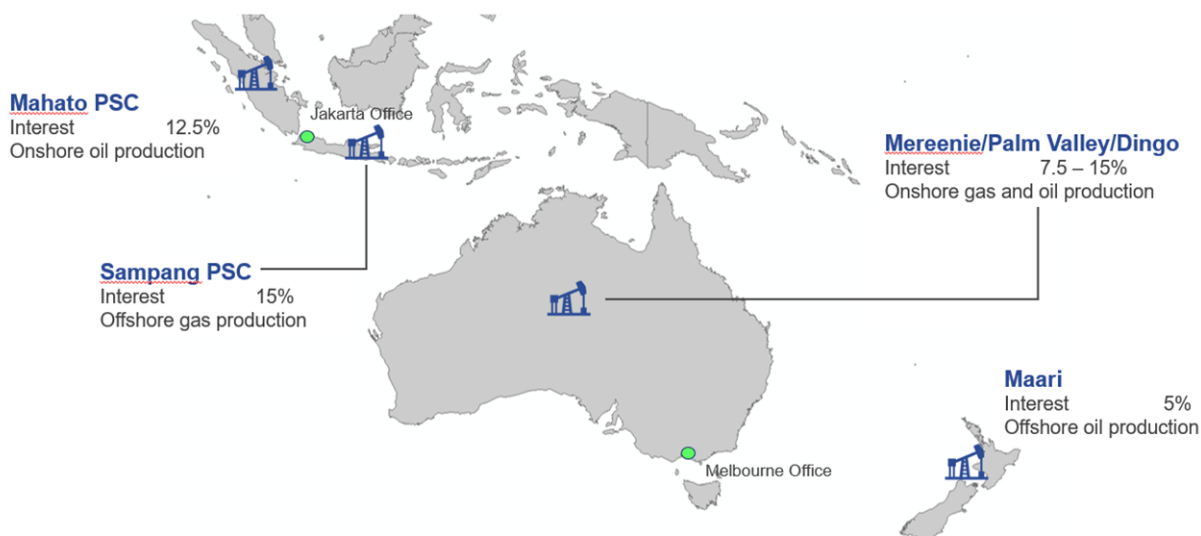
Cue Energy Resources Limited
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Cue Energy Resources Limited
Corporate directory
31 December 2023

Directors	Alastair McGregor (Non-Executive Chairman) Andrew Jefferies (Non-Executive Director) Peter Hood (Non-Executive Director) Richard Malcolm (Non-Executive Director) Rod Ritchie (Non-Executive Director) Samuel Kellner (Non-Executive Director) Marco Argentieri (Non-Executive Director)
Chief Executive Officer	Matthew Boyall
Chief Financial Officer	Melanie Leydin
Company Secretary	Anita Addorisio - appointed 26 October 2023
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

**Cue Energy Resources Limited
Chief Executive Officer's Report
31 December 2023**



AUSTRALIA

Cue Interests

MEREENIE [OL4 & OL5]: 7.5%

PALM VALLEY[OL3]: 15%

DINGO[L7]: 15%

Operator: Central Petroleum Limited

Total revenue from the Mereenie, Palm Valley and Dingo fields was \$6.3 million, 20% higher than H1 FY2023. Palm Valley revenue increased 54% due to the contribution of gas production from the PV-12 well, which was completed in December 2022.

While revenues for the period were higher than in the same period of the previous year, they were impacted by reduced sales due to the temporary shutdown of the Northern Gas Pipeline between the Northern Territory and Queensland during November 2023, partially offset by \$1.0 million of Dingo revenue recognized from take-or-pay arrangements, of which \$0.5 million is in respect of the release of previously deferred revenue.

A Gas Supply Agreement (GSA) with Incitec Pivot Fertilisers Limited was executed during the period for 2024 gas delivery. The GSA is for firm gas supply with take-or-pay provisions with the price reflecting current market conditions. In addition, the Mereenie Joint Venture extended a GSA with South32 Cannington for an additional 12 months with renegotiated pricing and a GSA with Shell Energy for the supply of 0.27 PJ of gas to the East Coast of Australia announced in 2022, became unconditional following the conditions precedent having been met.

A 12 month Memorandum Of Understanding (MOU) has been signed between the Mereenie Joint Venture partners and Twin Bridges LLC (Twin Bridges), a private US company specialising in helium appraisal and production, to investigate the potential for a helium recovery unit (HRU) at the Mereenie field and if warranted progress this towards a final investment decision. The HRU is proposed to be sized to extract up to 60,000 scf/day of helium from the Mereenie natural gas, which contains over 0.2% helium.

INDONESIA

MAHATO PSC (PB field)

Cue Interest: 12.5% (Cue Mahato Pty Ltd)

Operator: Texcal Energy Mahato Inc

The PB field in the Mahato Production Sharing Contract ("PSC") , contributed \$11.9m in revenue to Cue during the half, a 25% increase over 1H 2023, primarily due to increased production from development drilling.

Accrued Domestic Market Obligation payments from the Indonesian Government, related to 2022 and 2023, totalling \$5.1 million were received during the half.

As of 31 December 2023, there were 22 active wells in the PB field, including 5 completed during the half. The current approved plan of development includes 23 wells., with the final well in the plan expected to be completed shortly. A review of the current field performance and calibration of subsurface models is being undertaken by the operator with the potential for more development wells to be proposed.

Exploration well BA-01 was drilled in August 2023. Four zones of interest were tested but no hydrocarbons were produced and the well was plugged and abandoned.

In October 2023, Texcal, the Mahato Production Sharing Contract (PSC) operator, and Riau Petroleum, an Indonesian local government-owned entity, signed an agreement to transfer a share of the Mahato PSC's Participating Interest to Riau Petroleum, as required by the PSC and government regulations. Cue is currently reviewing the transfer documentation regarding the transfer of its share of Participating Interest.

SAMPANG PSC (Oyong and Wortel fields)

Cue Interest: 15% (Cue Sampang Pty Ltd)

Operator: Medco Energi Sampang Pty Ltd

Gas Production from the Oyong and Wortel fields in the Sampang PSC continued to provide predictable revenues, contributing \$4.5 million of revenue during the half from fixed price gas contracts.

During the period, the Joint Venture (JV) and the Indonesian government continued discussions on an extension to the term of the PSC, which currently expires in 2027, and other economic incentives to facilitate the development of the Paus Biru gas field. These are key steps required for the JV to proceed with a Final Investment Decision (FID) on the project. Front End Engineering and Design (FEED) studies for the development have been completed by the JV.

The Paus Biru development is planned to consist of a single well and wellhead platform at the Paus Biru gas field, with a 27km subsea pipeline connecting the well to existing infrastructure at the Oyong field.

NEW ZEALAND

PMP 38160 (Maari/Manaia Fields)

Cue Interest: 5% (Cue Taranaki Pty Ltd)

Operator: OMV New Zealand Limited

Gross oil production during the half averaged approximately 5,180 bopd, an increase of 32% over the corresponding period due to the repair and restart of the MN1 well in June 2023, production well optimisation and the positive influence of water injection.

Revenue reported for the half increased 98% to \$6.5 million from two oil cargo sales, compared to a single sale in 1H FY2023.

Two workovers were undertaken during the half. The MR2 production well underwent a conversion to a permanent water injection well to provide higher injection capability in the field and a workover on the MR6a well commenced with the aim of suspending the existing production zone and reperforating the Matapo and Kap100 reservoirs in order to produce oil from these zones. Due to workover unit repairs, work was suspended in December 2023 and is now expected to be completed during Q4 FY2024.

Works to extend field life beyond the current December 2027 permit expiry continued during the half, including the preparation of license extension documentation.

INDONESIA

Mahakam Hilir PSC

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

Operator: Cue Kalimantan Pte Ltd

Processes continued for surrender of the permit, which expired in April 2021. During the half the Indonesian Government continued with preparations for the auction of surplus drilling equipment and progress was made on the key items for land certification. Both these processes are required before final relinquishment, with the timing driven by Indonesian Government administrative processes.

Cue Energy Resources Limited
Directors' report
31 December 2023

The directors present their report, together with the financial statements, on the Consolidated Entity consisting of Cue Energy Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023 (1H FY2024).

Directors

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

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

Chief Executive Officer

Matthew Boyall

Company Secretary

On 26 October 2023, Ms Melanie Leydin resigned and Ms Anita Addorisio was appointed as Company Secretary. Ms Leydin retains her position of Chief Financial Officer.

Ms Addorisio is an experienced finance professional with over 20 years' senior finance experience and 10 years' experience as a Company Secretary for ASX listed companies within several industry sectors, including resources. She is a Fellow of CPA and holds a Masters in Accounting.

Principal activities

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

Dividends

On 28 February 2024, the Board of Directors approved the declaration of a special distribution of \$0.02 (2 cents) per fully paid ordinary share, totalling approximately \$14 million, reflecting the recent financial performance of the Company. This special distribution has been declared as a Conduit Foreign Income (CFI), unfranked special dividend and will be paid 5 April 2024.

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

Review of operations

The Group reported a net profit after tax for the 1H FY2024 of \$9.07 million (1H FY2023: \$6.78 million) and EBITDAX of \$19.29 million (1H FY2023: \$15.93 million), as detailed below.

	Consolidated	
	Period ended	Period ended
	31 December	31 December
	2023	2022
	\$'000	\$'000
Profit before tax	15,266	10,398
Finance costs	245	1,031
Depreciation and amortisation	3,569	2,231
EBITDA	<u>19,080</u>	<u>13,660</u>
Business acquisition and development expenses/(reversal)	29	(16)
Share based payments	51	45
Exploration and evaluation expenses	130	2,237
EBITDAX	<u><u>19,290</u></u>	<u><u>15,926</u></u>

Cue Energy Resources Limited
Directors' report
31 December 2023

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

	Production revenue		Gross profit*	
	Period ended 31 December 2023 \$'000	Period ended 31 December 2022 \$'000	Period ended 31 December 2023 %	Period ended 31 December 2022 %
Mahato	11,886	9,547	76.80%	78.60%
Maari	6,539	3,303	51.90%	74.10%
Sampang	4,546	5,936	51.00%	59.20%
Amadeus	6,320	5,286	57.00%	47.90%
Total	<u>29,291</u>	<u>24,072</u>		

* Gross profit being revenue from operations less production costs.

Production revenue for 1H FY2024 was \$29.29 million, an increase of \$5.22 million from 1H FY2023: \$24.07 million. This was mainly attributable to:

- the positive impact on Mahato production levels of drilling additional wells since 31 December 2022;
- two lifts at Maari in 1H FY2024 compared to one in the 1H FY2023;
- full impact in the 1H FY2024 of successful drilling completed at Palm Valley in December 2022.

Exploration expenses were \$0.13 million for the period (1H FY2023: \$2.24 million), 1H FY2023 expenses primarily being comprised of \$2.14 million in respect of the Palm Valley-12 well.

Corporate and administration expenses of \$1.44 million were \$0.23 million higher than \$1.21 million for 1H FY2023, the details of which are presented in note 6 to the financial statements.

Sales and marketing expenses of \$1.12 million were \$0.08 million lower than 1H FY2023 (\$1.20 million), the details of which are presented in note 7 to the financial statements.

The Russian-Ukrainian and Israeli-Gaza conflicts have significant global macro-economic impacts, including increasing instability in global energy prices. Related impacts include, but are not limited to volatility in commodity prices, currency movements, supply-chain and travel disruptions, disruption in banking systems and capital markets, increased costs and expenditures and cyberattacks. The conflicts' development and conclusion is inherently uncertain and the consequences for the global economy and the Company's operations unpredictable. It is not practical to estimate the potential impact, positive or negative of the Russian-Ukrainian and Israeli-Gaza conflicts for the Group up to 31 December 2023.

The Group's consolidated cash and cash equivalents and cash held on term deposit at 31 December 2023 was \$23.17 million (30 June 2023 \$15.24 million). The increase of \$7.93 million in cash and cash equivalents was primarily due to net cash operating inflows of \$16.91 million, inclusive of the one-off settlement of Mahato's contract assets, which were \$5.12 million at 30 June 2023.

Refer to the detailed Chief Executive Officer's Report preceding this Director's report.

Significant changes in the state of affairs

On 1 July 2023, 3,473,653 options over the Company's fully paid ordinary shares expired, with an exercise price of \$0.089 (8.9cents) per fully paid ordinary share.

On 8 September 2023, the Company issued 4,640,759 options over fully paid ordinary shares to employees with an exercise price of \$0.072 (7.2 cents) per fully paid ordinary share and which expire on 1 July 2028.

On 3 October 2023, the consolidated entity announced the repayment of the remaining \$4.00 million in outstanding unsecured loans to New Zealand Oil & Gas Ltd (NZOG).

Cue Energy Resources Limited
Directors' report
31 December 2023

On 26 October 2023, Ms Melanie Leydin resigned as the consolidated entity's Company Secretary and Ms Anita Addoriso was appointed as Company Secretary with immediate effect. Ms Melanie Leydin retains her position as the consolidated entity's Chief Financial Officer.

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

Matters subsequent to the end of the financial half-year

On 13 February 2024, Cue announced that it had executed a gas supply agreement with a Arafura Rare Earths subsidiary Arafura Nolans Project Pty Limited for the supply of 2.06PJ of gas from the Mereenie field for a 3-year term commencing 2026.

On 28 February 2024, the Board of Directors approved the declaration of a special distribution of \$0.02 (2 cents) per fully paid ordinary share, totalling approximately \$14 million, reflecting the recent financial performance of the Company. This special distribution has been declared as a Conduit Foreign Income (CFI), unfranked special dividend and will be paid 5 April 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2023.

Rounding of amounts

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

Signed in accordance with a resolution of the directors:



Alastair McGregor
Non-Executive Chairman

28 February 2024



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

To the Directors of Cue Energy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Cue Energy Resources Limited for the half-year ended 31 December 2023 there have been:

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

KPMG

Vicky Carlson

Partner

Melbourne

28 February 2024

Cue Energy Resources Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
		Period ended	Period ended
	Note	31 December	31 December
		2023	2022
		\$'000	\$'000
Revenue from operations	5	29,291	24,072
Production costs		<u>(10,845)</u>	<u>(8,069)</u>
Gross profit		<u>18,446</u>	<u>16,003</u>
Other income		412	213
Net foreign currency exchange loss		(652)	(146)
Expenses			
Exploration and evaluation expenses		(130)	(2,237)
Corporate & administration expenses	6	(1,441)	(1,205)
Sales and marketing expenses	7	(1,124)	(1,199)
Finance costs		<u>(245)</u>	<u>(1,031)</u>
Profit before income tax expense		15,266	10,398
Income tax expense		<u>(6,194)</u>	<u>(3,620)</u>
Profit after income tax expense for the half-year attributable to the owners of Cue Energy Resources Limited		9,072	6,778
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(564)</u>	<u>325</u>
Other comprehensive income/(loss) for the half-year, net of tax		<u>(564)</u>	<u>325</u>
Total comprehensive income for the half-year attributable to the owners of Cue Energy Resources Limited		<u><u>8,508</u></u>	<u><u>7,103</u></u>
		Cents	Cents
Basic earnings per share	17	1.30	0.97
Diluted earnings per share	17	1.30	0.97

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

Cue Energy Resources Limited
Condensed consolidated statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 December 2023 \$'000	30 June 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		23,173	15,238
Trade and other receivables		12,885	10,822
Contract assets		-	5,118
Inventories		969	1,181
Total current assets		<u>37,027</u>	<u>32,359</u>
Non-current assets			
Other financial assets	11	5,946	5,994
Property, plant and equipment		21	26
Right-of-use assets		69	110
Exploration and evaluation assets		114	114
Production properties	8	62,946	62,289
Development assets		4,389	4,458
Deferred taxes	9	11,653	12,250
Security deposits		404	404
Total non-current assets		<u>85,542</u>	<u>85,645</u>
Total assets		<u>122,569</u>	<u>118,004</u>
Liabilities			
Current liabilities			
Trade and other payables		3,969	3,929
Contract liabilities		-	822
Borrowings	10	-	3,945
Lease liabilities		66	91
Tax liabilities		3,955	3,998
Provisions		234	231
Deferred consideration		63	225
Total current liabilities		<u>8,287</u>	<u>13,241</u>
Non-current liabilities			
Contract liabilities		4,176	4,332
Lease liabilities		16	45
Deferred tax liabilities	9	8,683	7,631
Provisions	11	28,656	28,563
Total non-current liabilities		<u>41,531</u>	<u>40,571</u>
Total liabilities		<u>49,818</u>	<u>53,812</u>
Net assets		<u>72,751</u>	<u>64,192</u>
Equity			
Contributed equity	12	152,416	152,416
Reserves	13	42,578	6,393
Accumulated losses		<u>(122,243)</u>	<u>(94,617)</u>
Total equity		<u>72,751</u>	<u>64,192</u>

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

Cue Energy Resources Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2023

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

Consolidated	Contributed equity \$'000	Other reserves \$'000	General reserve \$'000	Accumulated (losses)/ profits \$'000	Total equity \$'000
Balance at 1 July 2023	152,416	2,175	4,218	(94,617)	64,192
Profit after income tax expense for the half-year	-	-	-	9,072	9,072
Transfer to/from accumulated losses	-	-	36,835	(36,835)	-
Other comprehensive loss for the half-year, net of tax	-	(564)	-	-	(564)
Total comprehensive income/(loss) for the half-year	-	(564)	-	9,072	8,508
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	51	-	-	51
Transfer	-	(137)	-	137	-
Balance at 31 December 2023	<u>152,416</u>	<u>1,525</u>	<u>41,053</u>	<u>(122,243)</u>	<u>72,751</u>

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

Cue Energy Resources Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
	Period ended	Period ended
	31 December	31 December
	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	31,089	20,591
Interest received	420	148
Payments to suppliers	(9,504)	(8,787)
Exploration and evaluation expenditure	(110)	(2,510)
Income tax paid	(4,103)	(3,736)
Royalties paid	(760)	(748)
Interest paid	(118)	(336)
	<u>16,914</u>	<u>4,622</u>
Net cash from operating activities		
Cash flows used in investing activities		
Payments for property, plant and equipment	(1)	(1)
Payments for exploration and development and production assets	(4,056)	(7,164)
Payments for security deposits	-	(400)
Payments for deposits	-	(3,500)
Payments for business acquired	(162)	(5,296)
	<u>(4,219)</u>	<u>(16,361)</u>
Net cash used in investing activities		
Cash flows used in financing activities		
Repayment of related party borrowings	(4,000)	-
Payments of principal element of lease liabilities	(42)	(40)
	<u>(4,042)</u>	<u>(40)</u>
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents	8,653	(11,779)
Cash and cash equivalents at the beginning of the financial half-year	15,238	23,223
Effects of exchange rate changes on cash and cash equivalents	(718)	(160)
	<u>23,173</u>	<u>11,284</u>
Cash and cash equivalents at the end of the financial half-year		

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

Cue Energy Resources Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 1. General information

The financial statements cover Cue Energy Resources Limited as a consolidated entity consisting of Cue Energy Resources Limited and the entities it controlled at the end of, or during, the half-year (1H FY2024). 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 28 February 2024.

Note 2. Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

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 judgements made, assumptions applied and the consideration of sources of estimation uncertainty, are based on the application of historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of concluding on the carrying values of assets and liabilities that may not be 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 judgements made, assumptions applied and consideration of sources of estimation uncertainty 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 were the same as those applied to in the consolidated financial statements as at and for the year ended 30 June 2023.

Note 4. Financial reporting by segments

Segment Information

AASB 8 Operating Segments 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 EBITDAX, an adjusted measure of earnings before interest expense, tax, depreciation and amortisation, which allows peer comparison when assessing performance. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. EBITDAX is EBITDA adjusted to exclude business development costs, exploration and evaluation expenses, share based payments and one-off legal expenses. The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the Group financial statements.

Cue Energy Resources Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 4. Financial reporting by segments (continued)

Management have concluded that the Group operates in four principal segments: Australian Onshore operations (Mereenie, Palm Valley and Dingo), Maari in New Zealand and Sampang and Mahato in Indonesia. The Group has a distinct corporate function which has been presented separately in order to reconcile to the statutory results.

The comparative financial information presented herein has been restated to reflect the change in the definition of the operating segments in the comparative period ending 31 December 2022, segments previously being defined on a geographic basis.

Australian onshore operations

The company resides in Melbourne, Australia. The consolidated entity, through separate legal entities, Cue Mereenie Pty Ltd, Cue Palm Valley Pty Ltd and Cue Dingo Pty Ltd, holds 3 permits for onshore activities in Australia in the Amadeus Basin in the Northern Territory.

New Zealand

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

Indonesia

The Group, through its wholly owned subsidiary, Cue Sampang Pty Ltd, holds a 15% interest in the Sampang PSC gas production property and through Cue Mahato Pty Ltd, a 12.5% interest in the Mahato PSC oil production property.

Operating segment information

Consolidated - Period ended 31 December 2023	Australia Amadeus	New Zealand Maari	Indonesia		Corporate	Total
	\$'000	\$'000	Mahato	Sampang	\$'000	\$'000
Revenue						
Revenues from operations	6,320	6,539	11,886	4,546	-	29,291
Total revenue	6,320	6,539	11,886	4,546	-	29,291
EBITDAX	4,003	4,257	10,034	2,583	(1,587)	19,290
Depreciation and amortisation	(930)	(1,432)	(898)	(276)	(33)	(3,569)
Share based payments	-	-	-	(13)	(38)	(51)
Business development expenses	-	-	-	-	(29)	(29)
Finance costs	(83)	(56)	(3)	53	(156)	(245)
Exploration and evaluation expenses	(28)	-	(69)	-	(33)	(130)
Profit/(loss) before income tax expense	2,962	2,769	9,064	2,347	(1,876)	15,266
Income tax expense						(6,194)
Profit after income tax expense						9,072

Cue Energy Resources Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 4. Financial reporting by segments (continued)

Consolidated - Period ended 31 December 2022	Australia Amadeus	New Zealand Maari	Indonesia Mahato	Indonesia Sampang	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Revenue from operations	5,286	3,303	9,547	5,936	-	24,072
Total revenue	<u>5,286</u>	<u>3,303</u>	<u>9,547</u>	<u>5,936</u>	<u>-</u>	<u>24,072</u>
EBITDAX	3,017	2,221	7,914	3,845	(1,071)	15,926
Depreciation and amortisation	(972)	(478)	(409)	(339)	(33)	(2,231)
Share based payments	-	-	-	(10)	(35)	(45)
Business development expenses	21	-	-	-	(5)	16
Finance costs	(95)	(35)	(1)	(521)	(379)	(1,031)
Exploration and evaluation expenses	(2,161)	-	(55)	-	(21)	(2,237)
Profit/(loss) before income tax expense	<u>(190)</u>	<u>1,708</u>	<u>7,449</u>	<u>2,975</u>	<u>(1,544)</u>	<u>10,398</u>
Income tax expense						(3,620)
Profit after income tax expense						<u>6,778</u>

Note 5. Revenue from operations

	Consolidated Period ended 31 December 2023 \$'000	Consolidated Period ended 31 December 2022 \$'000
Crude oil and condensate revenue	19,033	13,665
Natural gas revenue	<u>10,258</u>	<u>10,407</u>
Total revenue from operations	<u>29,291</u>	<u>24,072</u>

Note 6. Corporate & administration expenses

	Consolidated Period ended 31 December 2023 \$'000	Consolidated Period ended 31 December 2022 \$'000
Employee expenses	694	525
Accounting and audit fees	345	309
Superannuation contribution expense	29	26
Depreciation expense	47	47
Business development expenses/(reversal)	29	(16)
Other expenses	246	269
Share based payments	<u>51</u>	<u>45</u>
Total administration expenses	<u>1,441</u>	<u>1,205</u>

Cue Energy Resources Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 7. Sales and marketing expenses

	Consolidated	
	Period ended	Period ended
	31 December	31 December
	2023	2022
	\$'000	\$'000
Royalty expenses	482	673
Freight and other transportation costs	556	428
Marketing expenses	24	38
Tariffs	62	60
	<hr/>	<hr/>
Total sales and marketing expenses	<u>1,124</u>	<u>1,199</u>

Note 8. Non-current assets - production properties

Reconciliation

\$'000

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

Balance at 1 July 2023	62,289
Additions during the period	3,996
Changes in restoration provision – production	501
Amortisation expense	(3,410)
Contract liabilities reversed	346
Changes in foreign currency translation	(776)
	<hr/>
Balance at 31 December 2023	<u>62,946</u>

Note 9. Non-current assets - deferred taxes

	Consolidated	
	31 December	30 June
	2023	2023
	\$'000	\$'000
<i>Deferred tax assets comprise temporary differences attributable to:</i>		
Tax losses	8,639	9,508
Restoration provisions	2,829	2,518
Other	185	224
	<hr/>	<hr/>
Deferred tax assets	<u>11,653</u>	<u>12,250</u>

	Consolidated	
	31 December	30 June
	2023	2023
	\$'000	\$'000
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Production, development and exploration and evaluation assets	6,067	5,377
Financial assets	2,616	2,254
	<hr/>	<hr/>
Deferred tax liabilities	<u>8,683</u>	<u>7,631</u>

At 31 December 2023, the consolidated entity recognised a deferred tax asset in respect of carried forward tax losses of \$8.64 million (30 June 2023: \$9.51 million), comprised of \$6.14 million in respect of the Australian tax group (30 June 2023: \$4.81 million) and \$2.50 million (30 June 2023: \$4.66 million) in respect of the New Zealand tax group. The consolidated entity has unutilised carried forward tax losses of \$71.37 million, the tax effect of which is \$21.41 million at 31 December 2023 (30 June 2023: \$71.37 million of unutilised carried forward tax losses, the tax effect of which is \$23.03 million).

Cue Energy Resources Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 10. Borrowings

	Consolidated	
	31 December	30 June
	2023	2023
	\$'000	\$'000
Loan from New Zealand Oil & Gas Ltd (NZOG)	-	3,945
	<u> </u>	<u> </u>

Note 11. Non-current liabilities - provisions

	Consolidated	
	31 December	30 June
	2023	2023
	\$'000	\$'000
Restoration provisions	28,655	28,563
	<u> </u>	<u> </u>

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.

	Consolidated	
	31 December	30 June
	2023	2023
	\$'000	\$'000
Restoration provisions	28,655	28,563
Advances paid for restoration works	(5,946)	(5,994)
	<u> </u>	<u> </u>
Net unfunded restoration provisions	22,709	22,569
	<u> </u>	<u> </u>

In accordance with legislative obligations in the respective jurisdictions in which the consolidated entity operates, contributions are made to special purpose funds established solely for the purpose of financing future restoration works, which are presented as financial assets in the statement of financial position as other financial assets. Any amounts which have been funded are not available for general use and restricted solely for the purpose of funding future restoration works. As at 31 December 2023, \$5.95 million (30 June 2023: \$5.99 million) has been contributed to such a fund established in Sampang, the fund not as yet being formed in respect of the Mahato asset.

Note 12. Equity - contributed equity

	Consolidated			
	31 December	30 June	31 December	30 June
	2023	2023	2023	2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	698,119,720	698,119,720	152,416	152,416
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

Note 13. Equity - reserves

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
General reserve	41,053	4,218
Foreign currency reserve	964	1,528
Options reserve	561	647
	42,578	6,393
	42,578	6,393

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.

Exchange differences arising on translation of subsidiaries with a functional currency different to the Group's presentation currency are taken to the foreign currency translation reserve. The reserve is subsequently reclassified from equity to profit or loss when the net investment is disposed of.

Option reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

General reserve

The reserve is used to quarantine the consolidated entity's accumulated profits generated in a reporting period on a standalone entity basis.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency reserve \$'000	General reserve \$'000	Options reserve \$'000	Total \$'000
Balance at 1 July 2023	1,528	4,218	647	6,393
Foreign currency translation	(564)	-	-	(564)
Transfer to/from accumulated losses	-	36,835	(137)	36,698
Share-based payments	-	-	51	51
	964	41,053	561	42,578
Balance at 31 December 2023	964	41,053	561	42,578

Note 14. Contingent assets and liabilities

In October 2023, Texcal, the Mahato Production Sharing Contract (PSC) operator, and Riau Petroleum, an Indonesian local government-owned entity, signed an agreement to transfer a share of the Mahato PSC's Participating Interest to Riau Petroleum, as required by the PSC and government regulations. Cue is currently reviewing the transfer documentation regarding the transfer of its share of Participating Interest.

The Directors are not aware of any other contingent assets or contingent liabilities as at 31 December 2023 (30 June 2023: Nil).

Cue Energy Resources Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 15. Commitments for expenditure

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

As of 31 December 2023, exploration and development expenditure commitments were \$0.71 million, primarily consisting of \$0.62 million in costs to be incurred on the drilling of one well in the Mahato PSC.

Note 16. Events after the reporting period

On 13 February 2024, Cue announced that it had executed a gas supply agreement with a Arafura Rare Earths subsidiary Arafura Nolans Project Pty Limited for the supply of 2.06PJ of gas from the Mereenie field for a 3-year term commencing 2026.

On 28 February 2024, the Board of Directors approved the declaration of a special distribution of \$0.02 (2 cents) per fully paid ordinary share, totalling approximately \$14 million, reflecting the recent financial performance of the Company. This special distribution has been declared as a Conduit Foreign Income (CFI), unfranked special dividend and will be paid 5 April 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated	Consolidated
	Period ended	Period ended
	31 December	31 December
	2023	2022
	\$'000	\$'000
Profit after income tax attributable to the owners of Cue Energy Resources Limited	<u>9,072</u>	<u>6,778</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>698,119,720</u>	<u>698,119,720</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>698,119,720</u>	<u>698,119,720</u>
	Cents	Cents
Basic earnings per share	1.30	0.97
Diluted earnings per share	1.30	0.97

The potentially dilutive effects of any contingently issuable ordinary shares have not been considered in the diluted earnings per share calculation for the six months ended 31 December 2023 as the effect of contingently issuable ordinary shares would have been anti-dilutive.

Cue Energy Resources Limited
Directors' declaration
31 December 2023

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

The condensed consolidated financial statements and notes are set out on pages 10 to 20, are in accordance with the *Corporation Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the six month period ended on that date;
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:



Alastair McGregor
Non-Executive Chairman

28 February 2024



Independent Auditor's Review Report

To the shareholders of Cue Energy Resources Limited

Report on the Half-year Financial Report

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Condensed consolidated statement of financial position as at 31 December 2023;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 17 including selected explanatory notes; and
- The Directors' Declaration.

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

Basis for Conclusion

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

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



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Vicky Carlson

Partner

Melbourne

28 February 2024