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Annual Report 2023

CUE ENERGY RESOURCES LIMITED
ABN 45 066 383 971

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About us

Cue Energy Resources Limited is an oil and gas production and exploration company with production assets in Australia, Indonesia and New Zealand. Offices are located in Melbourne, Australia and Jakarta, Indonesia.

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Highlights FY23

Revenue

\$51.6m

Profit after Tax

\$15.2m

EBITDAX

\$30.9m

Production

630,000 boe

Chairman's overview

Alastair McGregor



I am pleased to present the 2023 Annual Report for Cue Energy Limited and happy to share another year of growth and robust development.

Dear Shareholders,

Our accomplishments include a 16% increase in revenue to \$51.6 million, marking the highest revenue reported by the company in over a decade. Profit remained high at \$15.2 million and strong operational performance, as indicated by EBITDAX of \$30.9 million.

The year saw Cue report production of 630,000 barrels of oil equivalent (boe), supported by new production from the PV-12 gas well in the Palm Valley field and the addition of six production wells in the Mahato PSC.

Despite a moderation in global energy prices following last year's impact, we anticipate a sustained demand for our products with corresponding price alignment. The global oil price has increased by over 20% since the commencement of FY24, while contracted gas prices in Australia continue to mirror projections of gas shortages in the Eastern Australia market in the years to come.

Throughout the year, I have engaged with several shareholders who have expressed frustration and concern around the share price performance. The board and I empathise with this sentiment, particularly as the company continues to report strong growth and profitability from its operations without a corresponding positive reaction in the share price. I extend my gratitude to shareholders who have shared their perspectives and ideas with the company. The board will continually monitor this situation whilst also reviewing our Capital Management program. We have repaid \$3 million of our debt during the year, and we will prioritise the repayment of the remaining debt held by the company.

The evolving landscape of government regulations continues to shape our business strategy and management. In New Zealand, we are actively involved in discussions surrounding the introduction of decommissioning financial assurance regulations, which might impact the utilisation of cashflow from Maari.

The introduction of a gas price cap by the Australian Government in 2022 created a period of uncertainty in the market. Addressing the gas supply shortage is vital to ensuring stability in Australia's domestic energy system. We commend the mandatory gas code of conduct for exempting smaller producers like Cue, although we maintain our reservations about regulatory interference in markets.

Looking at the year ahead we will continue with our development plans across the portfolio whilst also remaining attentive to fresh growth opportunities. In the Mahato PSC, two development wells have already been completed in FY24 and two more are scheduled. In addition, the Mereenie Joint venture is planning two development wells. This is complimented by several production optimisation projects, including flare gas recovery in the Mereenie field and increased water injection capacity at Maari. Furthermore, we have recently announced an MOU to explore the recovery and sale of Helium from the Mereenie gas production. All of this is possible given the financial stability of our balance sheet enabling Cue to fund these initiatives from existing cash reserves.

I would like to extend my gratitude to all our shareholders for their continued support and commend the diligence of our staff in Melbourne and Jakarta, under the leadership of our CEO, Matthew Boyall.

FY24 is looking to be another active year, as we continue to work with our partners to achieve our goals safely and efficiently.

Alastair McGregor
Chairman

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A year of continued production and revenue growth

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Cue continued on its growth pathway, achieving a revenue of \$51.6 million, 16% higher than the previous year.

This progress was driven by a 45% increase in revenue from onshore Australian assets and a 12% increase from Indonesia. This is the highest production revenue reported by the Company since 2010, demonstrating the success of its growth strategy.

We reported a profit after tax of \$15.2 million, a decrease of 5.3% and EBITDAX of \$30.9 million.

Cue closed the year with a cash balance of \$15.2 million, including \$4 million of drawn loans, ensuring our continued ability to fully fund planned development and exploration activities.

Reported revenue from the Mereenie, Palm Valley and Dingo fields in the Amadeus Basin, onshore Australia, increased 45% to \$11.9 million due to a full year of reporting, production growth at Palm Valley from the PV-12 well, and strong prices realised for contracted and uncontracted gas.

Due to production gains from ongoing development drilling, the PB oilfield in the Mahato Production Sharing Contract (PSC) in Indonesia contributed the most revenue to the Company, accounting for \$18.7 million. The field's gross oil production increased from 4,700 barrels of oil per day (bopd) at the start of the year to 6,400 bopd by the conclusion of the year.

A revenue receivable of \$5.1 million is recorded against the Mahato PSC, which is due to Domestic Market Obligation (DMO) oil sales to the Indonesian Government under the PSC. Typically, funds from DMO sales are received within a normal invoicing cycle period, however, due to ongoing negotiations concerning the interpretation of the DMO clause in the PSC, payments to the Mahato JV partners have been delayed. Subsequent to the year end, Cue has received \$3.2 million of the \$5.1 million receivable.

Administration expenses of \$2.5 million were low and maintained in line with the previous year, excluding business development costs, as the Company managed non-operated projects efficiently.

Cue made an early repayment of \$3 million of an outstanding \$7 million unsecured loan from New Zealand Oil & Gas on June 29, 2023, as part of its ongoing capital management program, \$4 million of debt remains unpaid. Cue's strong free cash flow permitted this debt reduction, and the Company will continue to consider further debt reduction as part of Capital Management activities.

Highlights



**\$51.6 million revenue,
up 16% on FY2022**



**\$15.2 million profit
after tax**



\$30.9 million EBITDAX



**Continued growth with
8 production wells drilled**



**45% revenue increase from
Australian onshore Assets**

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Joint operations

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INDONESIA

Mahato PSC

Texcal Energy Mahato (Operator)	25%
Texcal Mahato	51%
Central Sumatra Energy	11.5%
Cue	12.5%

Sampang PSC

Medco Energi (Operator)	45%
Singapore Petroleum Company	40%
Cue	15%

Amadeus Basin

Mereenie (OL 4/5)

Central Petroleum (Operator)	25%
Macquarie Mereenie	50%
New Zealand Oil & Gas	17.5%
Cue	7.5%

Palm Valley (OL 3)

Central Petroleum (Operator)	50%
New Zealand Oil & Gas	35%
Cue	15%

Dingo (L7)

Central Petroleum (Operator)	50%
New Zealand Oil & Gas	35%
Cue	15%

NEW ZEALAND

NEW ZEALAND

Maari and Manala Oil Fields

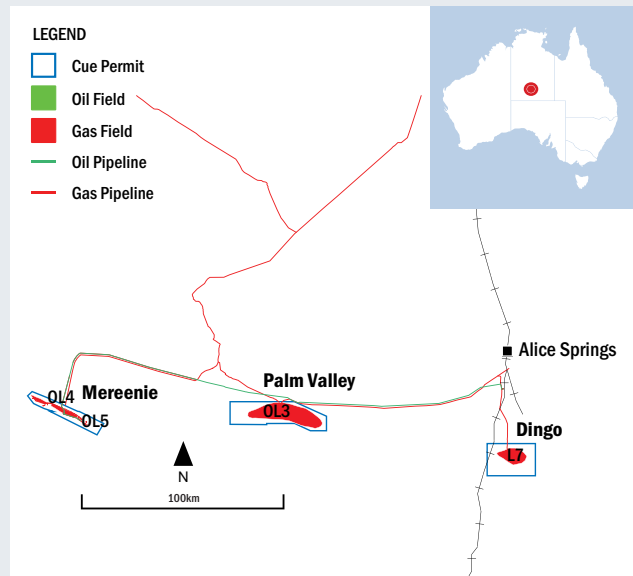
PMP 38160

OMV (Operator)	69%
Horizon Oil	26%
Cue	5%

Australia

MEREENIE, PALM VALLEY AND DINGO

CUE INTERESTS	
Mereenie [OL4 & OL5]	7.5%
Palm Valley [OL3]	15%
Dingo [L7]	15%
Operator	Central Petroleum Limited



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Cue completed the acquisition of interests in the Mereenie, Palm Valley and Dingo fields, in the Amadeus Basin, onshore Northern Territory, on 1 October 2021 and incorporated a full year of reporting in FY 2023.

The assets generated \$11.9 million in revenue, a 45% increase over FY 2022 due to a full year of reporting and increased gas sales at Palm Valley following the start of gas production from the Palm Valley 12 (PV-12) well.

The PV-12 well was drilled with a sidetrack, ST2, in the Pacoota P1 interval, the producing interval in the Palm Valley field, reaching a total measured depth (MD) of 3039m on 8 October 2022. Prior to ST2, another sidetrack (ST1) was drilled into the Pacoota P2 and P3 formations and recovered formation water from the wellbore. As a result of this water and the absence of significant gas shows while drilling, the ST1 lateral was plugged and abandoned.

Cue announced on October 18 2022 that the well was being completed as a gas producer after flowing gas at approximately 11.8 million standard cubic feet per day (mmcf/d). PV-12 was successfully tied in during December 2022.



Towards the end of the year, six well recompletions were undertaken in the Mereenie field, resulting in an additional 1.5 TJ/d initial gas rates.

Interruptions to sales were experienced due to the temporary closures of Northern Gas Pipeline (NGP) from September to December 2022. Cue gas sales were restricted to the Northern Territory during this time, leading to a decrease in field production rates.

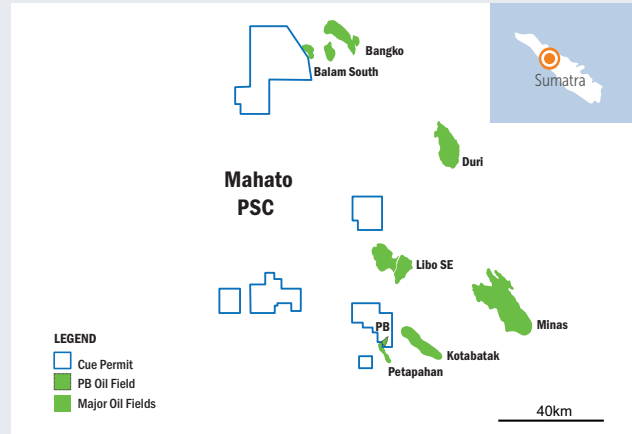
During the year, the Australian Government introduced price controls on gas producers, limiting new contracts sales to \$12/GJ from December 2022. These were subsequently modified by the implementation of the mandatory Gas Code of Conduct, which provides Cue, as a small producer, an exemption from the price cap.

Further drilling in the Mereenie field is being planned to increase production from the currently producing Pacoota reservoirs and assess the potential for increased Stairway formation gas production.

Indonesia

MAHATO PSC

CUE INTERESTS	
Cue	12.5%
Operator	Texcal Energy Mahato Inc



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The PB field in the Mahato PSC continued to increase production and revenue, contributing \$18.7 million in revenue for the year, a 25% increase over FY 2022.

Gross oil production increased 36% over the year, from 4,700 bopd to 6,400 bopd.

Development drilling continued, with seven wells completed as part of the field development optimisation announced in June 2022, bringing the total number of production wells at the end of the year to sixteen. Additionally, there is one well that was drilled and suspended and one water injection well in the field.

Development wells, PB-10, PB-11, PB-14, PB-17, PB-19, PB-20 and PB-21 were drilled and started production at initial rates up to 800 bopd during the year. Additionally, PB-13 was drilled and logged but encountered technical issues with casing installation. Subsequent to the year end, it was completed and started oil production. PB-23 development well commenced drilling during July 2023 and started oil production mid-August 2023 at a rate of 400 bopd.

Development well PB-12 is planned to commence drilling in September and Development well PB-22 and two water injection wells are yet to be started. The PB field approved well count is twenty-three, which includes twenty wells for oil production and three water injection wells. To date, all wells have been completed from the existing well pad, with analysis ongoing on the development of a new well pad to access to reserves in the northern portion of the field. More wells may be proposed in the field after the completion of the current drilling program.

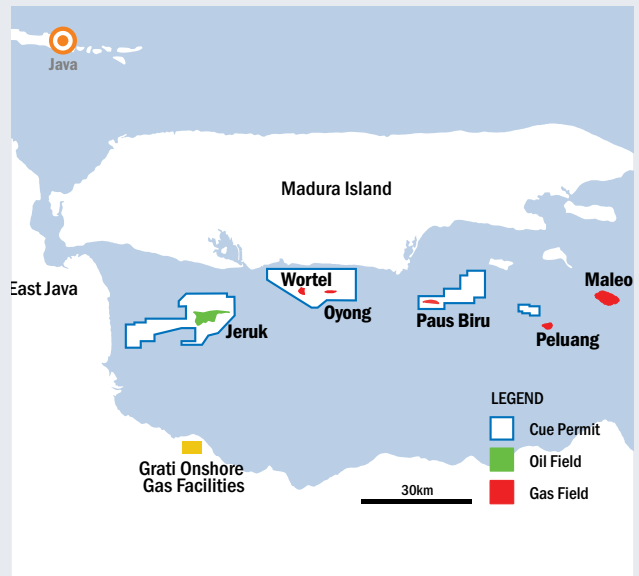
Exploration well BA-01 commenced drilling subsequent to the year end on 28 July 2023. On 23 August 2023, Cue announced that the well had been drilled with four zones of interest tested with no hydrocarbons produced. The well has been plugged and abandoned.



Indonesia

SAMPANG PSC

CUE INTERESTS	
Cue	15%
Operator	Medco Energi



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Oyong and Wortel gas fields continued to produce as predicted, generating \$11.5 million in revenue from long-term, fixed price contracts.

During the year, progress was made on the Paus Biru gas development, with the Indonesian Government approving various changes to the PSC terms, aimed at increasing the economic benefit for the project participants. In addition, the government provided support for an extension application to the term of the Sampang PSC, which currently is set to expire in 2027. The Sampang JV expects to apply for a 20-year permit extension.

The PSC amendments and extension are key steps required for the JV to proceed with considering a Final Investment Decision (FID) on the project. The Paus Biru development is planned to consist of a single well and wellhead platform at the Paus Biru gas field, with a 27km subsea pipeline connecting the well to existing infrastructure at the Oyong field. Subject to final approvals, gas production from Paus Biru is expected to commence by 2025 at a rate of 20-25 mmcf/d.

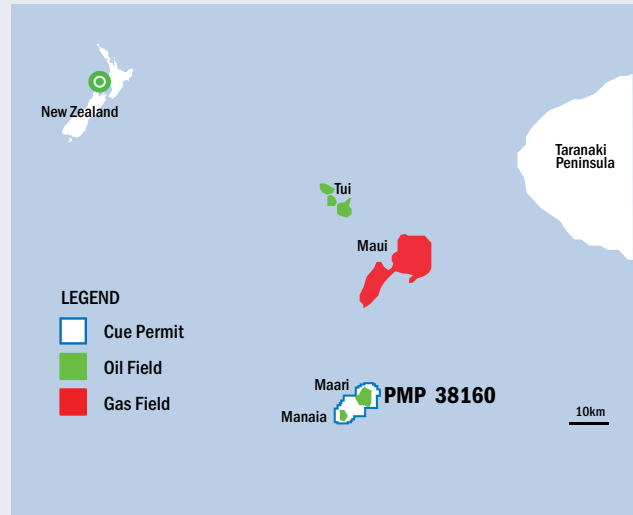
An extension to the permit would provide more long-term certainty and the JV is actively reviewing all existing opportunities within the permit area, including the Jeruk oil discovery. A technical workshop was recently conducted to evaluate the Operator's revised subsurface modelling and development concept plans. Additional work is currently underway, with the objective of defining an appraisal and development program over the next six to twelve months.



New Zealand

PMP 38160 (Maari)

CUE INTERESTS	
Cue	5%
Operator	Operator OMV



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Oil production from the Maari field has remained strong, with gross production from the Maari/Manai fields reaching approximately 5,300 bopd at the end of the year.

Cue received \$9.5 million revenue from the Maari field, 4% higher than the previous year.

Uptime for the field was high, and the positive effects of water injection and production optimisation are being seen with stable, and in some wells increasing, production rates.

During the year, well repairs were undertaken on a number of wells, impacting the overall field production levels. Electric submersible pumps were replaced in MN1 and MR9, with both wells back online producing at or above pre-repair levels.

The MR6A production well was offline for the entire year. The project participants have advance plans for a workover of the well with the aim of reinstating oil production. The permanent conversion of the MR2 well to a water injection well, increasing overall injection rates to provide further pressure support to the production wells is in preparation. Both projects are expected to be completed during H1 FY 2024.

The Maari facilities completed life extension works and inspections with formal sign off expected for the Raroa FPSO to be certified for a further 5 years until 2028.

The JV is now assessing and prioritising value adding projects, including production enhancement and cost reduction opportunities with the aim of extending the field life beyond the existing permit expiration date of 2027.

An updated decommissioning plan and cost estimate for the Maari infrastructure was completed by the end of the year and submitted to the New Zealand regulator under the Crown Minerals (Decommissioning and other Matters) Amendment Act. The cost estimate is expected to be used by the government to determine the level of financial security required of the Maari JV for decommissioning. Although the regulations have not been established, fulfilling obligations may require Cue to establish a reserve from project cash flow.



Reserves and resources

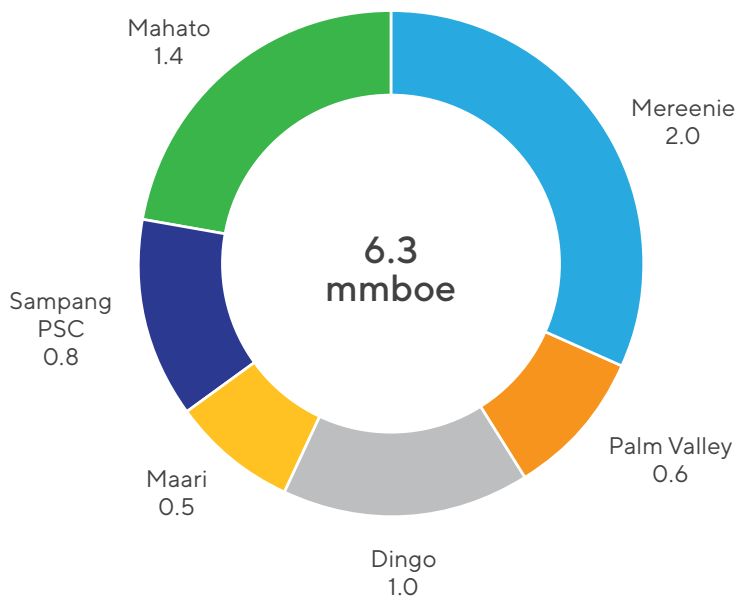
30 June 2023

As at June 30, 2023 Cue has reported 4.6 million barrels of oil equivalent (mmboe) of proven (1P) reserves and 6.3 mmboe of Proven and Probable (2P) reserves. 68% of reported 2P reserves are gas and 32% are oil.

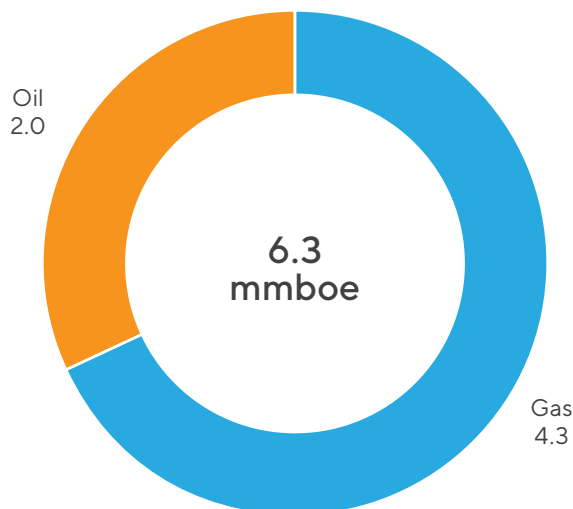
2P Reserves in the Palm Valley field have been reviewed and increased during the year based on the successful drilling and flow performance of the PV-12 well, which started production in December 2022. Dingo field 2P reserves have increased as a result of ongoing strong performance from the existing wells and additional field modelling work undertaken.

Cue's 2P reserve replacement ratio for FY2023 is 105%, taking into account reserves additions and production during the year.

2P reserve by Asset (mmboe)



Gas/Oil reserves (mmboe)



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Reserves and resources continued

30 June 2023

Net to Cue as at 30 June 2023

Country	Reserves Proven (1P) Field/Permit	1P Developed			1P Undeveloped			1P Total		
		Gas	Oil	Equivalent	Gas	Oil	Equivalent	Gas	Oil	Equivalent
		PJ	MMSTB	MMBOE	PJ	MMSTB	MMBOE	PJ	MMSTB	MMBOE
AUSTRALIA	Mereenie	7.6	0.1	1.3	0.4	0.0	0.1	8.0	0.1	1.4
	Palm Valley	3.5	0.0	0.6	0.0	0.0	0.0	3.5	0.0	0.6
	Dingo	3.0	0.0	0.5	2.3	0.0	0.4	5.5	0.0	0.9
NEW ZEALAND	Maari	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.3	0.3
INDONESIA ⁽¹⁾	Sampang PSC	2.9	0.0	0.5	0.2	0.0	0.0	3.1	0.0	0.5
	Mahato	0.0	0.9	0.9	0.0	0.0	0.0	0.0	1.0	1.0
TOTAL RESERVES		17.0	1.3	4.0	3.0	0.0	0.5	20.2	1.3	4.6

Country	Reserves Proven & Probable (2P) Field/Permit	2P Developed			2P Undeveloped			2P Total		
		Gas	Oil	Equivalent	Gas	Oil	Equivalent	Gas	Oil	Equivalent
		PJ	MMSTB	MMBOE	PJ	MMSTB	MMBOE	PJ	MMSTB	MMBOE
AUSTRALIA	Mereenie	10.6	0.1	1.8	0.9	0.0	0.1	11.5	0.1	2.0
	Palm Valley	3.9	0.0	0.6	0.0	0.0	0.0	3.9	0.0	0.6
	Dingo	3.5	0.0	0.6	2.5	0.0	0.4	6.1	0.0	1.0
NEW ZEALAND	Maari	0.0	0.4	0.4	0.0	0.2	0.2	0.0	0.5	0.5
INDONESIA ⁽¹⁾	Sampang PSC	3.4	0.0	0.6	1.3	0.0	0.2	4.7	0.0	0.8
	Mahato	0.0	1.3	1.3	0.0	0.1	0.1	0.0	1.4	1.4
TOTAL RESERVES		21.3	1.8	5.3	4.6	0.2	1.0	26.1	2.0	6.3

Country	2C Contingent Resource Field/Permit	Gas	Oil	Total
		PJ	MMSTB	MMBOE
AUSTRALIA	Mereenie	13.7	0.0	2.3
	Palm Valley	0.6	0.0	0.1
INDONESIA	Jeruk (Sampang PSC) ⁽²⁾	0.0	1.2	1.2
	Paus Biru (Sampang PSC)	7.0	0.0	1.2
TOTAL CONTINGENT RESOURCE		21.3	1.2	4.7

(1) Indonesian Reserves are net of Indonesian Government share of Production. Production Sharing Contract (PSC) adjustments affect the net equity across the various reserve categories

(2) Cue interest in Jeruk is 8.18%

LEGEND:

PJ Petajoules

MMSTB Million Stock Tank Barrels

MMBOE Million Barrels of Oil Equivalent

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Reserves and resources continued

30 June 2023

Governance arrangements and internal controls

Cue estimates and reports its petroleum reserves and resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2018 (SPE-PRMS), published by the Society of Petroleum Engineers (SPE). All estimates of petroleum reserves reported by Cue are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator. Cue has engaged the services of New Zealand Oil & Gas Limited (NZOG) to independently assess all reserves. Cue reviews and updates its oil and reserves position on an annual basis, or as frequently as required by the magnitude of the petroleum reserves and changes indicated by new data and reports the updated estimates as of 30 June each year as a minimum.

Reserves compliance statement

Oil and gas reserves, are reported as at 1 July 2023 and follow the SPE PRMS Guidelines (2018).

This resources statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Assets & Engineering Manager Daniel Leeman. Daniel is a Chartered Engineer with Engineering New Zealand and holds Masters' degrees in Petroleum and Mechanical Engineering as well as a Diploma in Business Management and has over 14 years of experience. Daniel is also an active professional member of the Society of Petroleum Engineers and the Royal Society of New Zealand. New Zealand Oil & Gas reviews reserves holdings twice a year by reviewing data supplied from the field operator and comparing assessments with this and other information supplied at scheduled Operating and Technical Committee Meetings.

Daniel is currently an employee of New Zealand Oil & Gas Limited whom, at the time of this report, are a related party to Cue Energy. Daniel has been retained under a services contract by Cue Energy Resources Ltd (Cue) to prepare an independent report on the current status of the entity's reserves. Since the 17th of January 2017, NZOG has held an equity of 50.04% of Cue.

Cue currently holds an equity position of 5%, 12.5% and 15% in the Maari, Mahato and Sampang assets respectively. Production Sharing Contract adjustments at the Mahato and Sampang fields affect the net equity differently across the various reserve categories.

In the Amadeus basin, Cue currently holds 7.5% equity in the Mereenie field and 15% equity in each of the Dingo and Palm Valley fields.

For undeveloped reserves, the following project maturity sub-classes are assumed- at Mahato PSC, Undeveloped-Approved for Development, at Sampang PSC- Justified for Development, at Maari- Justified for Development, at Mereenie and Dingo- Justified for Development.

For Sampang PSC Contingent Resources, as the developments are not yet sanctioned, the economics and royalties are not yet known, therefore an assumed net effective equity is used of 15% for Paus Biru and 8.18% for Jeruk.

Estimates are based on all available production data, the results of well intervention campaigns, seismic data, analytical and numerical analysis methods, sets of deterministic reservoir simulation models provided by the field operators (OMV, Texcal, Medco and Central Petroleum), and analytical and numerical analyses. Forecasts are based on deterministic methods.

For the conversion to equivalent units, standard industry factors have been used of 6Bcf to 1mboe, 1Bcf to 1.05PJ and 1TJ of gas to 163.4 boe.

Net reserves are net of equity portion, royalties, taxes and fuel and flare (as applicable).

All reserves and resources reported refer to hydrocarbon volumes post-processing and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F.

The extraction methods are as follows; Maari oil is produced to the FPSO Raroa and directly exported to international oil markets. At Mahato, it is via EPF facilities which includes an oil and water separation system, with the oil then piped 6km to the CPI operated Petapahan Gathering Station. At Sampang, gas is gathered from the Wortel and Oyong fields and piped to shore where it is sold into the Grati power station. In the Mereenie and Palm Valley gas fields gas is gathered from the wells and ultimately collated into the Amadeus Gas Pipeline where sales vary to different customers within the region and further afield and at Dingo, gas is sold into Alice Springs and the Owen Springs power plant.

Tables combining reserves have been done arithmetically and some differences may be present due to rounding.

For the 2P change of reserves year-on-year, quoted as the reserves replacement ratio herein, the calculation is performed via; stated 2P total reserves as at 1 July 2023, divided by the sum of stated 2P total reserves as at 1 July 2022, less production during FY23, all in millions of barrels of oil equivalent. In this case $RRR = 6.3 / (6.6 - 0.6) = 105\%$.

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Reserves and resources continued

30 June 2023

2P Reserves and resources reconciliation with 30 June 2022

2P Proven reserves (MMBOE)

Country	Field/Permit	30 June 2022 Reserves	Discoveries/ Extensions/ Revisions	Production	30 June 2023 Reserves
AUSTRALIA	Mereenie	2.1	0.0	0.1	2.0
	Palm Valley	0.6	0.1	0.1	0.6
	Dingo	1.0	0.0	0.0	1.0
NEW ZEALND	Maari	0.6	0.0	0.1	0.5
INDONESIA	Sampang PSC	0.8	0.2	0.2	0.8
	Mahato	1.4	0.1	0.1	1.4
TOTAL RESERVES		6.6	0.3	0.6	6.3

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Sustainability report

Our commitment

Cue is committed to achieving and maintaining good health, safety, and environmental standards, which we consider critical to the success of our business. We operate in accordance with a Health Safety and Environment (HSE) Policy approved by our Board of Directors, and a HSE Management system.

An Operational Risk and Sustainability (ORS) committee, comprising members of our Board of Directors, convenes regularly to evaluate the company’s HSE initiatives and operational risks.

Reflecting on the past year, Cue recorded zero incidents, zero lost time injuries, and zero significant spills within our own operations. Regrettably, one Lost Time Injury (LTI) was reported at the Maari Joint Venture; however, a comprehensive investigation was conducted, and remedial actions were taken by the operator. Cue diligently reviews all incidents and Health and Safety reports at our projects, contributing input and feedback to ensure the safe running of all operations.

Our commitment to employee well-being is underscored by the continual availability of our employee assistance program, ready to provide aid upon request.

Empowering our communities

Cue continues to support the communities in which we operate. Through our joint venture partnerships, we proudly assist our partners in their community activities. Within our own operations, Cue actively promotes opportunities for local and regional economic growth, adhering to our Capturing Local Economic Benefits Policy, and we encourage our partners to adopt similar practices.

Our Indonesian operations cultivate close ties with local communities, offering employment prospects, community facilities, and aid initiatives.

In the Mahato PSC, Texcal supported various health initiatives, such as aid for undernourished children and pregnant women, contributing to local communities during annual religious festivities, and facilitating the development of sporting fields in Petapahan village.



Mahato PSC: Land Clearing for sporting fields in Petapahan village

Medco Energy, representing the Sampang PSC joint venture, placed importance on assisting local fisherman during the year by distributing fishing equipment. In addition, they undertake community programs and infrastructure projects including constructing local roads, sanitary facilities, and installing external lighting and community equipment. Medco Sampang also partakes in tree planting initiatives, including the Peduli 550 Pohon (care for 550 trees) program.



Sampang PSC: village external lighting installation



Mahato PSC: Distribution of aid for stunted children and pregnant women with Chronic Energy Deficiency

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Sampang PSC: Road Construction in Banajar Talela village

Central Petroleum, the operator of Cue’s onshore Australia Assets in the Northern Territory, maintains a close partnership with the Traditional Owners in the area, providing employment and training opportunities at our operations. A significant number of Centrals’ Northern Territory staff live locally or are indigenous, and local contractors are utilised at the operations where possible.

Central Petroleum engages in constructive dialogues with Traditional owners across Mereenie, Palm Valley and Dingo, fostering transparency, sharing plans, discussing performance and gathering input on matters requiring community support. Central financially supports various community groups, including literature and indigenous art programs and operational costs for community centres in remote communities, as well as sponsoring local AFL sporting clubs the Pioneer Eagles and Western Arranta Bulldogs and local softball and basketball programs.

OMV New Zealand continues its partnership with numerous community organisations in the Taranaki area. Their enduring relationships encompass supporting the Taranaki Air Ambulance Service, the Rotakare Scenic Reserve Trust, and recent involvement in extensive tree planting projects. OMV New Zealand also supports the Roderique Hope Trust, offering aid to the increasing homeless population in Taranaki.

Environment Stewardship

Cue works closely with our operators and joint venture partners to mitigate the environmental impact of our operations. Ongoing and recently completed projects illustrate our dedication:

- Installation of solar panels at the Wortel Wellhead platform
- Implementation of a flare gas recovery project at Mereenie to reduce flared gas usage
- Evaluation of solar power as a substitute for diesel power generation at the PB field in the Mahato PSC
- Upgrade of water production facilities on the Maari FPSO with advanced reverse osmosis units and improved onboard boiler efficiency to minimise fuel consumption

We report our estimated emissions risks in compliance with the Task Force for Climate-Related Financial Disclosures (TCFD) guidelines within this Shareholder report. All New Zealand emission are offset through the purchase of NZUs, while corporate emissions are mitigated through tree planting initiatives.



Onshore Australia: Sponsorship of local AFL teams

Taskforce on Climate-Related Financial Disclosures (TCFD) Statement

This section outlines the Cue Energy Resources approach to climate disclosure and managing climate risk.

It is structured inline with Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations, using its recommended headings:

- Governance
- Climate Change Statement
- Strategy
- Risk management
- Metrics and targets

1. Statement on climate change from the chief executive

Cue recognises the scientific consensus of climate change and that climate change will affect our community and environment.

Our world has begun a transition to a low carbon economy in which the responsibility of contributing to a low emissions world is shared by everyone, including our company. We all have a role in the transition into the energy future while we also ensure that our customers and the communities we serve enjoy access to reliable and secure energy at feasible prices.

Our climate strategy places us in the centre of this energy trilemma. Energy markets over the past year have illustrated the importance of addressing all aspects of the trilemma carefully and together.

In our Australian home, energy markets have been constrained, leading to higher prices, and pressure from regulators to maximise gas production. Gas will play a critical role in supporting renewables in the East Coast electricity market as coal fired generation is phased out, and offers one of the most important sources of emissions reductions in Australia.

Indonesia, the world's fourth-most populous country, has set a target of becoming an advanced economy, and the world's fourth-largest economy, by 2045. This is a significant leap ahead from its current position where GDP per capita is 30% lower than the world average. These ambitious targets are combined with a commitment to reach net zero emissions by 2060. To make this dual transition, Indonesia urgently needs gas to replace coal for electricity generation and industrial heat. Gas has an ongoing role supporting the development of renewables in Indonesia, and the transition will not occur without it.

Cue's New Zealand hydrocarbon production is subject to emissions pricing in New Zealand. Under the New Zealand Emissions Trading Scheme, Cue purchases credits that offset emissions from our share of the Maari production facilities. The emissions trading scheme has the economic effect of disincentivising wasteful emissions and rewarding renewable or low carbon initiatives.

At Cue, we are proud to help deliver the energy needs of these countries in a way that is making a step change in emissions reductions at the same time that we are supporting human wellbeing in access to reliable and affordable energy.

We are also taking responsibility for our own emissions and, where it's practical, we reduce our carbon impact and support our joint venture partners to reduce the carbon footprint of projects that we are involved in. Our corporate offices in Melbourne and Jakarta have reduced our carbon footprint, which is itself very small and we offset these emissions by planting trees.

Cue recognises and support global efforts to reduce climate change through clear and meaningful policy and market settings. We believe a collaborative transition is necessary to ensure the success of the transition and recognise that pricing carbon emissions is likely to be a policy utilised for achieving emissions reductions.

Specific steps we are taking to help reduce carbon intensity while continuing to provide for energy needs include doing the following:

- We actively identify, manage, report and mitigate material climate risk to our business, and report our governance, strategy, risk management targets and metrics;
- We meet the carbon reporting requirements of the regions we operate in;
- We promote the benefits of gas as a lower-emitting transition fuel that supports energy reliability and affordability, and is a strong companion for renewables;
- We review and implement opportunities to reduce the carbon impact of our operations;
- support our joint venture partners to look for and implement low carbon solutions; and
- We respond meaningfully to stakeholder views and expectations around climate change as it relates to our activities.

This report sets out our assessment of the business risks linked to climate change and how we manage them. We see opportunity in supporting the transition as well as a concern to manage our footprint responsibly and in the interest of shareholders and the wider community.

We are pleased to present this report on our progress.

Matthew Boyall
Chief Executive Officer

Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

2. Governance

TCFD Category	Recommendation	Summarised in this document at
Governance	Disclose the organisation’s governance around climate-related risks and opportunities.	2.2, 2.3
	Describe the board’s oversight of climate related risks and opportunities.	2.2, 2.3
	Describe management’s role in assessing and managing climate-related risks and opportunities.	2.2, 2.3

2.1 Climate-related risk governance process

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Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

2.2. Board oversight

The CEO is accountable to the Board for ensuring implementation of climate policies. The Board has responsibility for reviewing all risks, including climate-related risk and opportunities, and ensuring these are appropriately managed to support delivery of our business strategy.

Recognising and managing risks is an overarching Board accountability under its charter ((2.2 (h))

A copy of the Charter is available in the Corporate Governance section of our website.

The Board reserves to itself specific responsibility to:

“Understand the material risks faced by the Company and ensure the Company has appropriate risk management strategies and control measures in place and is actively managing these.”

–Board Charter, 3.3 (h).

The process for considering risks is set out in the company’s risk management system framework.

The framework meets the requirements of the ASX Corporate Governance Principles and Recommendations, Principle 7: Recognise and Manage Risk.

The Board Operational Risk and Sustainability Committee (ORSC) sets, reviews and agrees relevant risk policies, practices, frameworks, targets and performance. The Committee’s Charter makes it the responsible for approving environmental policy and monitoring progress, including climate change responses.

The ORSC Charter is also published on our website.

Cue’s risk register assesses risks related to climate policy, climate-related events, and public perception. Examples of risks are disclosed below in the section titled Climate-Related Risks.

Management is responsible for identifying, assessing and managing risk and reporting this to the Board through the ORSC. Management risk owners identify and manage risks. Management regularly reviews the corporate risk framework, including the Risk Register. The ORSC receives a report on updates to the register.

Management retains specialist expertise to review risk management. At an operational level, responsibility for day-to-day oversight of climate risk and opportunity (including managing climate objectives and targets) rests with the Chief Executive.

3. Strategy

TCFD category	Recommendation	Summarised in this document at
Strategy	Disclose the actual potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material.	3.1
	Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term.	3.2, 4.3
	Describe the impact of these risks on businesses, strategy and financial planning.	3.3
	Describe the resilience of the organisation’s strategy, taking into consideration different climate related scenarios including a 2 degree celsius or lower scenario.	3.4

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Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

3.1. Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

The Company is involved in natural gas production for Indonesian and East Coast Australian markets that are energy constrained and hungry for gas to generate electricity that would otherwise likely come from coal generation.

The Company's forecasts indicate constrained markets will be sustained, with continued economic value for its production and value for its reserves.

3.2. Ongoing gas demand will be strong

Short term

Gas demand in the current financial year is high, reflected in high prices. The IEA says global gas supply is set to remain tight. The global balance is subject to 'an unusually wide range of uncertainties' and could return to heightened volatility.

<https://www.iea.org/reports/gas-market-report-q2-2023>

Conditions for gas demand are different in locations where we operate. Australia is gas constrained, with demand expected to remain high as coal exits electricity generation.

In Australia, the ACCC says there should be sufficient gas to meet forecast demand across the east coast in 2024, while the southern states are expected to experience a shortfall. It warns that the major risk is transport and storage capacity to deliver Queensland's surplus gas to southern states.

<https://www.accc.gov.au/media-release/gas-supply-outlook-for-2024-improves-but-risk-of-winter-shortfalls-remains>

In Indonesia, consultancies Rystad, Refinitiv and Wood Mackenzie all expect gas consumption to rise, with the main risk to consumption volumes being reductions in government subsidies causing prices to rise.

The IEA projects global oil demand will climb by 2.2 mb/d in 2023 to reach 102.1 mb/d, a new record. Growth is forecast to continue, though more slowly, at 1.1 mb/d in 2024.

<https://www.iea.org/topics/oil-market-report>

Medium term / Long term

The IEA and other forecasters believe the energy transition has begun.

The IEA says growth in world oil demand will slow through the 2020s, while total demand continues to rise. It estimates global oil demand will reach 105.7 mb/d in 2028, up 5.9 mb/d compared with 2022. Petrochemicals are the key driver of global oil demand growth.

<https://www.iea.org/reports/oil-2023>

In Australia and New Zealand, the transition will likely mean a long-term moderation in demand for oil, while in Indonesia the outlook depends on the uptake of renewables. Indonesia is heavily energy constrained and rapid uptake of renewables may moderate growth in demand for oil and gas but is unlikely to reduce overall demand in the medium term.

To support its energy requirements, the Indonesian government has domestic production targets of 1 million barrels of oil per day and 12 billion cubic feet of gas per day by 2030. This is a 50%-100% increase in 2023 production forecasts.

Overall, the demand picture represents volume and price opportunity, although longer term volumes are uncertain and volatile.

Cue assesses that existing forward prices adequately capture the balance of future price risks.

3.3. Regulation is likely to increase in australia and new zealand, carbon prices are likely to rise, and limits are likely to be imposed on emissions from domestic consumption.

In anticipation of higher carbon prices, the Company's sensitivity testing includes a shadow carbon price when screening new investments and testing of existing assets.

The Company applies sensitivity testing to its assets and reviews assets for impairment as part of our financial audit and assurance processes. This testing reviews whether asset valuations have been materially affected by climate-created conditions, including effects on prices, costs, insurance, financing and abandonment. Sensitivity and impairment testing manages economic risks to assets. Where those risks change materially, disclosure is made under the Company's continuous disclosure obligations.

Resilience to physical risks, such as weather events, is reviewed as a normal part of engineering risk management. Regulatory risks are mitigated by having revenue producing assets in three diverse jurisdictions.

Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

The Company complies with existing regulations. Its emissions in New Zealand are subject to an emissions trading scheme, which requires the Company to purchase carbon credits (NZUs) and surrender one for each tonne of carbon emitted.

Indonesia has enacted laws that plan to implement a carbon tax, although the implementation has been postponed for most industries. There is currently no mandated carbon pricing mechanism in Australia for Cue emissions.

Emissions from Scope 3 use (use of oil and gas products by other businesses and consumers) are not able to be reliably measured, are subject to double counting of total emissions, and are not meaningful in jurisdictions applying national emissions caps.

All Cue produced gas in Indonesia and most in Australia is used in electricity generation. The high proportion of coal fired power generation in Australia and Indonesia means that gas from Cue substitutes higher emissions alternative sources.

3.4. Resilience in alternative scenarios

The Company monitors the International Energy Agency's World Energy Outlook, and models produced by other industry forecasters and consultancies.

In all scenarios, we expect to see continuing strong demand for gas in the short term in all our markets.

A more rapid decarbonisation outlook could affect the longer-term outlook.

Gas fields cannot easily or quickly increase supply in response to increased demands, and therefore increased demand is likely to contribute upward price pressure. In the longer term, the response to lower prices would be likely to be slower investment in deliverability.

In both Australia and Indonesia, regulatory appetite for capturing carbon emissions is high. In a scenario where CCS becomes more economic than the cost of emitting, Cue would expect to investigate the potential to reduce emissions and continue production through CCS. No such abatement plan is currently under consideration, but it exists as a response in an alternative scenario where emissions pricing is high.

If oil prices fall significantly, our interests in the Mahato and Maari oil fields may be affected. This risk is reflected in the forward price curve that forms the basis of impairment analysis and reviews of the expected value of the assets.

Resilience to financial or economic changes is tested as part of financial audit and assurance processes, which includes impairment testing. Financial planning incorporates expected prices and revenues, including carbon costs, insurance costs, maintenance costs, and the availability of corporate finance.

Specific material risks or changes to financial outlooks are disclosed in financial reports where these are material.

4. Risk management

TCFD category	Recommendation	Summarised in this document at
Risk management	Disclose how the organisation identifies, assesses and manages climate-related risks.	4.1
	Describe the process for identifying and assessing climate risks.	4.1
	Describe processes for managing climate risks.	4.1
	Describe how processes for identifying, assessing and managing are integrated into overall risk management.	4.1

4.1. How we identify, assess and manage climate-related risks

The Company's Risk Management System Framework applies consistent and comprehensive risk management practices.

Climate risks are recorded in the central risk register, which considers the risks, reviews the controls, assigns ownership of risk and tracks treatment plans.

Climate risks are identified on an ongoing basis and consideration is given to industry and peer information and expertise, shareholder and community feedback, regulatory changes, and analysis by our own staff and contractors.

Risk assurance and oversight of climate risk management is provided through internal review by the board Operation Risk and Sustainability committee.

The Chief Executive has responsibility for climate risk, including risks to individual assets and financial and investment risks associated with climate change.

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Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

Potential risks to Cue Energy Resources from climate change are assessed under the following headings:

- Policy and Legal,
- Physical (acute and chronic),
- Financial and Market,
- Social/Political/Regulatory, and
- Technological.

All these risks have potential financial and operational implications due to lost profitability and increased delays. Financial and market risks, and social/political risks also present opportunities associated with more rapid uptake of natural gas as a lower-carbon replacement for coal.

Risk types and controls are specifically discussed below at 4.3.

4.2. Calculating climate risks in asset models

Physical risks associated with climate are assessed in engineering planning.

For forward price risk associated with production, the company uses impairment testing based on forward market prices and contracts.

New Zealand

For our New Zealand Maari asset, Cue uses the New Zealand ETS market pricing for carbon emissions.

The Company purchases NZUs annually. (NZUs are New Zealand emissions units, reflecting a tonne of carbon emitted. One unit must be surrendered to the government each year for each tonne of carbon emitted.)

The expected price of NZUs is modelled in Maari performance forecasts and impairment testing. NZU prices have been volatile, future prices are modelled with an expectation of government policy toward the carbon market. Government policy is not expected to allow the carbon price to fall further, while intervention in the market in 2023 suggested an implicit policy price cap exists at around NZD\$80/t.

For physical risks to the Maari production site, the Company carries insurance and equipment is engineered to standards in excess of expected weather activity.

Australia

There is currently no mandated carbon pricing mechanism in Australia for Cue emissions.

For investment into the Amadeus basin assets, Cue's advisers used a range of sensitivities to test the economics of the investment based on market prices in other comparable international regimes.

For physical risks to Amadeus Basin interests, the Company has comprehensive insurance cover. The risks associated with climate are assessed in engineering planning.

For forward price risk associated with production, the Company uses impairment testing based on forward market prices and contracts.

The Company uses an internal price to test economics of investments based on market prices in other comparable international regimes. Expectations of forward prices reflect the market consensus about the likelihood and level of future carbon charges and market demand. Potential increased carbon pricing or reduced prices are part of the Company's sensitivity testing.

Carbon prices have generally conformed to forward curves in the reporting period, while oil and gas commodity prices have been higher due to concerns about energy security and actual shortages of gas. As a result, the financial risks associated with climate change are assessed to be limited or positive (upside) as of the date of this report.

Indonesia

Emissions from the company's interest in the Sampang and Mahato PSCs are considered in performance forecasts and impairment testing.

Indonesia has enacted laws that plan to implement a carbon tax but the implementation has been postponed for most industries. A carbon cost mechanism allows coal power plants to buy emissions credits from plants with lower emissions and renewables.

The Company monitors the economic effects of climate-related policy and climate conditions on the value and operation of its assets.

Due to uncertainty about future carbon pricing mechanisms and the rapidly changing policy positions in some countries where the Company operates and investigates new projects, carbon price testing is undertaken using the most available information and estimates at the time.

Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

For physical risks to all our asset interests, the Company has comprehensive insurance and regularly participates in technical review meetings that assess engineering risks to plant.

4.3. Risk types and controls

The table of risks below uses the following time horizon categories:

Short - 0-5 years,

Medium - 5-10 years,

Long - 10+ years.

Risk type	Recommendation	Description	Time	Control
Non physical risks	Policy and legal risks	Litigation against companies and/or directors on climate grounds (claiming causation or seeking greater action to mitigate effects) could have reputational, development and operating cost impacts.	s, m, l	Board and management understand their fiduciary duties around climate change risk.
		Risk of regulatory backlash against ESG initiatives.		Internal processes include due diligence and joint venture processes to identify and manage climate risk.
		Changing regulations including banks and restrictive regulations, taxes and emissions limits across all jurisdictions risk viability of projects.		Monitoring the jurisdictions where we undertake activities.
				Strategy of diversifying jurisdictions to mitigate changes on any individual regulatory environment.
				Reporting on climate related governance, strategy, risks and targets.
	Reputational and social license risks	Stakeholder disengagement and oppositional activism. Loss of social license, leading to project delays or stoppages.	s, m, l	Manage environmental performance.
		Recruitment and retention risk.		Due diligence screening of commercial opportunities and joint ventures
Financial risks		ESG investing affects availability and cost of capital.	s, m, l	Shadow price on carbon to sensitivity testing in investment decisions.
		Insurance premiums increase. Potential for classes of assets and locations to become uninsurable.	s, m, l	Due diligence screening of commercial opportunities and joint venture processes.
		Capital cost increase if new environmental standards require more expensive supplies relative to alternatives.	m, l	Assurance relating to insurance forecasts.
		Carbon pricing adopted across jurisdictions, or inconsistently between them.	s, m, l	Access to a range of funding options.
		Changes to price and cost forecasts result in stranded assets or reserves.	s, m, l	Reporting on climate related governance, strategy, risks and targets.
				Jurisdictional diversification to avoid impact on sudden, unilateral changes, confiscation or value destruction by regulation.

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Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

Risk type	Recommendation	Description	Time	Control
Physical risks	Acute & Chronic	To increased frequency and intensity of extreme weather events such as storms, flooding, coastal inundation, lack of water availability, or slips. Offshore drilling and production delayed or shut in by increased weather events	m,l	Engineering anticipates environmental conditions. Carbon policy provides for review of climate issues in strategic and operational decisions.
Opportunities	Commercial	Global reduction in high carbon sources such as coal is increasing demand for natural gas as a lower carbon partner to renewables.	s,m,l	Strategic preference for natural gas. Support for our joint venture partners pursuing low carbon innovations on sites.

TCFD category	Recommendation	Summarised in this document at
Targets and Metrics	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	4.2
	Disclose the metrics used by the organisation to assess the climate related risks and opportunities in line with its strategy and risk management process.	4
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	5.1 The company does not report Scope 3 emissions as the information does not exist.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	5.2, 5.3

5. Measurements and targets

The TCFD recommends disclosure of:

- the measures we use to assess climate-related risks and measure them,
- emissions (by Scope 1, 2 and 3), and
- the targets that we use to manage climate-related risk.

Measures used to assess risks and measure them are described in section 4, above.

Scope 1 and 2 emissions are disclosed below in Table 5.1.

Scope 1 and 2 emissions relate to Cue's share of emissions from production facilities in New Zealand, Australia and Indonesia and corporate office activities.

The Company does not report Scope 3 emissions as the information is not obtainable from end users, and reporting would double count emissions across the economies in which we operate.

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Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

5.1. Metrics

Total greenhouse gas emissions

Oil and gas operations

Emissions from producing oil and gas fields are reported below and include Cue's share of Scope 1 and scope 2 emissions from operations.

The company makes use of the best information or estimates available for reporting CO₂ emissions. Maari and Sampang PSC field Operators report detailed monthly emissions. Central Petroleum, operator of Cue's Onshore Australia Assets, reports emission on the NGER. FY23 data is not available at the time of the report and is not included in totals or comparisons.

Corporate offices

An annual estimate is prepared of carbon emissions from corporate activity, using inputs such as electricity bills and air travel.

Scope 1 Emissions

	Emissions (tCO ₂ e)**	boe produced**	Intensity Factor (tCO ₂ e per boe)
FY21*	8,720	352,338	0.025
FY22	8,311	452,251	0.018
FY23	8,442	388,648	0.022

* Mahato Emissions for 2021 are not included as the data was not available for the first part year

** Amadeus Basin emissions data is not included due to timing of the Operators NGER reporting and will be published by Cue when available later this year

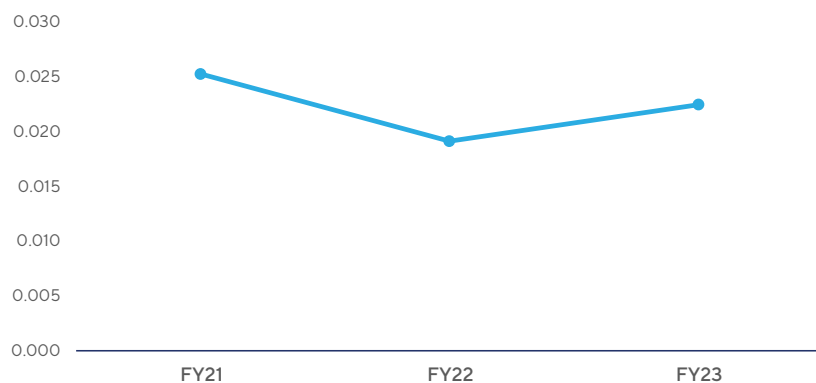
Scope 2 Emissions

	CUE Emissions (tCO ₂ e) FY23	Previous Year
Total Office emissions (Melbourne & Jakarta)	7.7	15.1
Samarinda Warehouse	5.6	5.6
Sampang	279.8	319.7
Total Scope 2 Emissions	293.1	340.4

Cue offset estimated office and air travel emissions through the planting of approximately 100 trees with Greenfleet Australia, who plant native trees in legally protected biodiverse forests to capture carbon emissions.

CO₂e(t)/boe produced

Cue Emissions Intensity



Onshore Australia data excluded due to timing of Operators NGER reporting. Mahato emissions data was not reported for FY21.

Taskforce on Climate-Related Financial Disclosures (TCFD) Statement continued

Our Results: Targets for FY2023

Focus Area	Target	Impact	Status
Reporting	Continue to report Scope 1 and 2 emissions	Disclosure of risks, impacts and climate responsiveness	Complete, Ongoing refinement of data collection and reporting
Reporting	Maintain TCFD statements and reporting online and in the 2022 Annual Report.	Disclosure of risks, impacts and climate responsiveness	Reported for FY 22 in October 2022 Annual report
Reporting	Continue to enhance Mahato emissions collection from Operator	Disclosure of risks, impacts and climate responsiveness	Ongoing. Standardised reporting is expected to be implemented in Mahato PSC in FY24
Policy and Legal	Review climate change policy and update if necessary	Disclosure of climate strategy	Publication in annual report. Available on website
Commercial	Apply internal price on carbon to investment decisions	Management of carbon pricing risk	Actioned as required
Emissions reductions	Participate with JV partners to identify material emissions reductions or offsets at producing sites	Ongoing mitigation of emissions	Material Emissions reduction projects underway at Maari and Mereenie
Emissions reductions	Offset 100% of emissions from head office and corporate travel.	Net zero from our own operations	FY23 offsetting of 60T Co2 through tree planting
Emissions reductions	Support office sustainability improvement opportunities.	Sustained emissions reductions	Ongoing

Our Intentions : TCFD Targets for FY2024

Focus Area	Target	Impact	Measured by
Reporting	Continue to report Scope 1 and 2 emissions. Consider applicability of Scope 3 emissions reporting	Disclosure of risks, impacts and climate responsiveness	Publication in Annual report and website.
Reporting	Adopt reporting requirements under Treasury proposals for Climate-related disclosures in line with published timelines	Disclosure of risks, impacts and climate responsiveness	Publication in Annual report and website.
Reporting	Continue to enhance Mahato emissions data collection from Operator	Disclosure of risks, impacts and climate responsiveness	Publication in Annual report and website.
Reporting	Report on Australian Onshore assets Carbon emissions when available and update company published data	Disclosure of risks, impacts and climate responsiveness	Publication in Annual report and website.
Policy and Legal	Review climate change policy and update if necessary	Disclosure of climate strategy	Publication in Annual report and website.
Commercial	Apply internal price on carbon testing to investment decisions	Management of carbon pricing risk	Publication in Annual report and website.
Emissions reductions	Participate with JV partners to identify material emissions reductions or offsets at producing sites	Ongoing mitigation of emissions	Publication in Annual report and website.
Emissions management	Offset 100% of emissions from head office and corporate travel.	Net zero from our own operations	Publication in Annual report and website.

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Cue Energy Resources Limited
Directors' report
30 June 2023

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 2023.

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
Richard Malcolm
Rod Ritchie
Samuel Kellner
Marco Argentieri

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: <https://www.cuenrg.com.au/site/About-Us/corporate-directory>.

Dividends

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

Financial performance

The Consolidated Entity reported a net profit after tax of \$15.21 million for the year ended 30 June 2023 (FY 2023), as compared to a net profit of \$16.07 million for the year ended 30 June 2022 (FY 2022). This was mainly attributable to a \$5.69 million profit after tax on \$18.71 million in revenue generated from the Mahato PSC, which drilled an additional 7 production wells during the year, increasing production from 4,700 bopd at the beginning of FY 2023 to 6,400 bopd at 30 June 2023.

Maari's net profit after tax decreased by \$1.13 million to \$4.22 million on \$9.51 million in revenue for FY 2023 (FY 2022: net profit after tax of \$5.35 million), primarily arising from an increase in production costs of \$1.61 million.

The onshore Australian assets, acquired on 1 October 2021, contributed \$1.02 million profit after tax (FY 2022: loss after tax of \$0.50 million) on \$11.89 million in revenue for the year ended 30 June 2023 (FY 2022: \$8.21 million), primarily as a result of a full year's results being reflected in FY 2023 supplemented by additional gas revenue generated by the commencement of production at the PV-12 well in December 2022. The FY 2023 net profit after tax includes \$2.22 million in exploration and evaluation expenses in FY 2023 (FY 2022: \$1.53 million).

The Group also recognised a \$9.51 million deferred tax asset (30 June 2022: \$1.78 million) on carried forward tax losses it now considers it will be able to use to offset future taxable income.

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Business Risks

The Consolidated Entity is subject to risks that are specific to the Consolidated Entity and its business activities, as well as general risks.

Exposure to oil and gas prices

The Consolidated Entity is exposed to global commodity price variability for oil products produced in Indonesia, New Zealand and Australia which are sold on a US dollar Brent crude benchmark price basis.

The majority of the Consolidated Entity's gas production is sold on fixed price contracts and is exposed to changes in the gas price on renewal or signing of new contracts. Gas sold in Australia on the short term market is exposed to daily variations in price. In addition to normal market operations, gas prices for Australian sales are subject to risk of government intervention, including under the Competition and Consumer Amendment (Gas Market) Bill 2022.

Oil and Gas prices can be volatile. A decline in the price of oil and gas may have a material adverse effect on Consolidated Entity's financial performance.

The valuation of oil and gas assets is affected by expectations of future oil and gas prices. An extended or substantial decline in oil and/or gas prices or demand, or an expectation of such a decline, may reduce the expected cash flows and/or quantity of reserves and resources classified in relation to the associated oil and gas assets, which may lead to a reduction in the valuation of these assets.

Foreign exchange risk

The Consolidated Entity is exposed to foreign currency risk on cash and cash equivalents, oil sales recoverable value of oil and gas assets and capital commitments that are denominated in foreign currencies.

The Consolidated Entity's financial report is presented in Australian Dollars and the functional currency for its operations in New Zealand and Indonesia is the United States Dollar (USD). The majority of the Consolidated Entity's costs are incurred in currencies other than Australian Dollars and revenue mainly received in USD. Accordingly, it is subject to fluctuations in the rates of currency exchange between these currencies, the primary impact of which is reflected in other comprehensive income.

The Consolidated Entity currently does not utilise hedging or other derivative instruments. The Consolidated Entity's foreign exchange risk exposures are mitigated through natural hedging of cost and revenue currencies, where appropriate.

Ability to access funding

Exploration, development, and production can involve significant capital expenditure. If cash flows decrease or the Consolidated Entity is not able to access necessary funding, this may result in postponement or reduction of capital expenditures, relinquishment of rights in assets or otherwise may have an adverse effect on the Consolidated Entity's operations and financial performance.

The Consolidated Entity's ability to raise additional funds would be subject to, among other things, factors beyond the control of the Consolidated Entity and its Directors, including cyclical factors affecting the economy, investment climate for the energy sector and share markets generally. If for any reason the Consolidated Entity was unable to raise future funds, its ability to realise its strategy would be significantly affected.

Joint Operations

The Consolidated Entity participates in its business activities through minority interest in joint operations operated by other companies, governed by operating agreements. Under these agreements, the Consolidated Entity does not control the approval of work programmes and budgets and other project partners may participate in activities without the Consolidated Entity's approval. The Consolidated Entity may also be required to participate in activities which it did not approve, have its interests diluted or not gain the benefit of an activity.

Project agreements can be subject to differences in interpretation and implementation with Operator responsibility for day to day operations. As a result, the Consolidated Entity may be exposed to operational and financial obligations outside of its control.

The Mahato PSC and subsequent Indonesian Government regulations contain terms which may require the dilution of the existing partners in the joint operations for no consideration, including the Consolidated Entity's, interests by up to 10% after production has commenced.

We work closely with our partners to achieve mutually beneficial outcomes.

Reserves and resources

Estimating oil and gas reserves and resources is subject to significant uncertainties associated with technical data and the interpretation of that data, future commodity prices, and development and operating costs. There can be no guarantee that the Consolidated Entity will successfully produce the volume of hydrocarbons that it estimates as reserves or that hydrocarbon resources will be successfully converted to reserves.

The Consolidated Entity's reserves and resources estimates are prepared by qualified, experienced engineers in accordance with the 2018 update to the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers (SPE-PRMS).

Exploration and Development

The Consolidated Entity's projects are at various stages of exploration, development and production. Oil and gas exploration and development activities can be high-risk undertakings and there can be no assurance that the exploration or development of any projects will result in the discovery of, and ability to realise any economic resources. Even if an apparently viable oil and gas resource is identified, there is no guarantee that it can be economically produced.

Exploration and development activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect production volumes and/or costs, industrial disputes, unexpected shortages and increases in the costs of plant and equipment, native title processes, changing government regulations and many other factors beyond the Consolidated Entity's control.

Production

The Consolidated Entity's oil and gas production is exposed to interruptions which may result from mechanical or technical failure, pipeline access, project delays or other unforeseeable events. Restrictions on the movement and supply of personnel and products due to external influences such as geopolitical unrest or conflict and a pandemic may also cause interruption to production.

A significant interruption to production could result in loss of revenue and additional costs to repair or replace equipment.

Regulatory risk

The Consolidated Entity currently operates in Australia, Indonesia and New Zealand and is subject to changes in government policy or statutory changes that may affect our business operations and financial position. A change in government regime may significantly result in changes to fiscal, monetary, property rights and other issues which may result in a material adverse impact on Consolidated Entity's business and its operations.

Profitability may be affected by changes in government taxation and royalty policies or the interpretation and application of policies in our operating jurisdictions.

The Consolidated Entity monitors changes in relevant regulations and engages with regulators and governments to ensure policy and law changes are appropriately understood. Any failure to comply with or changes to applicable laws, regulations or permits, even if non-compliance is inadvertent, could result in material fines, penalties, changes in the cost of operations, additional investment or other liabilities. In extreme cases, non-compliance with or amendments applicable laws, regulations or permits could result in suspension of activities or forfeiture of one or more of the Consolidated Entity's projects.

Access to infrastructure

Our oil and gas sales are dependent on access to third party owned infrastructure. Infrastructure failure, such as pipelines and processing facilities, increased tariffs or restrictions on access to third party infrastructure may have a material effect on financial performance.

The Consolidated Entity works with its project partners, customers and infrastructure suppliers to understand and mitigate the risk of delays or failure.

Permit Risk

All petroleum licences held by the Consolidated Entity are subject to the granting and approval of relevant government bodies and ongoing compliance with licence terms and conditions, including periodic requirements for renewal or extension.

The Consolidated Entity monitors project operators' tenure management processes and standard operating procedures to minimise the risk of losing tenure.

Litigation

The Consolidated Entity is not currently involved in any litigation. However, in the ordinary course of business we may become involved in litigation and disputes, for example with our partners, contractors or employees over a broad range of matters. Any such litigation or dispute could involve significant economic costs and damage to relationships with partners or other stakeholders. Outcomes of any litigation may have an adverse impact on the Consolidated Entity's business, market reputation and financial condition and financial performance.

Health Safety and Environmental risk

Exploration, development, production and transportation of oil and gas involves a variety of risks which may impact the health and safety of personnel, the community and the environment.

Natural disasters, operational error and equipment failure, amongst other things, could result in oil and gas leaks or spills or loss of well control which may lead injury or loss of life, damage to equipment and facilities, legal liability and reputational damage.

Losses or liabilities from such events could reduce revenue or increase costs and materially impact Consolidated Entity's financial position.

The Consolidated Entity works with project operators to ensure processes and procedures are in place to minimise these risks and seeks to maintain appropriate insurance policies to mitigate against the financial effects of any incident.

Climate change and the development of alternative energy sources

The Consolidated Entity's operating environment is and will continue to be impacted by the continually developing impact of climate change and the response needed to ensure the well-being of the global community. The adverse impact of climate change continues to impact the search for and development of alternative energy sources to those historically based on the use of hydrocarbons in the generation of energy for industrial and private use.

The Consolidated Entity is conscious of its responsibilities in respect of minimising the impact of its operations on the environment, however, fundamental shifts in the commercial availability of alternative energy sources developed as a result of the adverse impact of climate change may impact the Consolidated Entity's future operational and financial performance.

Digital and Cyber Security

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Consolidated Entity is committed to preventing and reducing cyber security risks through outsourcing the IT environment which it utilizes to a reputable service provider.

Reliance on key personnel

The Consolidated Entity's success depends to a significant extent upon its key management personnel, as well as other staff and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the Consolidated Entity's performance.

We maintain a mix of permanent staff and expert consultants to advance its projects and ensure access to multiple skill sets. The remuneration policy is reviewed regularly to ensure it appropriately reflects current and expected employment conditions and best practices.

Refer to the Financial and Operations review preceding this Director's Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

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Directors' report
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On 30 August 2022, the Consolidated Entity issued 3,649,298 options over fully paid ordinary shares for an exercise price of \$0.089 (8.9 cents) per fully paid ordinary share, with an expiry date of 1 July 2027.

Matters subsequent to the end of the financial year

On 1 July 2023, 3,473,653 options over fully paid ordinary shares in the Company with an exercise price of \$0.07 (7 cents) expired.

On 10 July 2023, \$3.07 million was received from Maari oil sales in June 2023, reducing the trade and other receivables in note 10.

On 23 August 2023, the Consolidated Entity announced the results from the drilling and testing at the BA-01 well in the Mahato PSC. The conclusion reached was that no hydrocarbons had been identified. The Mahato PSC partners will continue to identify and assess further exploration opportunities in Mahato's PB Field.

No other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

The following activities may affect the expected results of operations:

- Progress on Paus Biru and the Final Investment Decision;
- Further exploration and development drilling in the Mahato PSC;
- Changes in New Zealand legislation and the impact it may have on the scope and funding of the Maari field decommissioning obligations;
- Continuing volatility in global energy markets; and
- Actively seeking to acquire new production opportunities.

The Russian-Ukrainian conflict continues to develop, the result of which have had significant global macro-economic impacts, including energy prices. Related impacts include volatility in commodity prices and currencies, supply-chain and travel disruptions, disruption in banking systems and capital markets, increased costs and expenditures and cyberattacks.

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 no incidents, lost time injuries or 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.

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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. 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(Hons) and an MSc in Aeronautical Engineering.

Other current directorships: New Zealand Oil & Gas Limited (NZOG)
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 NZOG. 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, Holland and is currently based in New Zealand.

Other current directorships: NZOG Offshore Limited
 NZOG
Former directorships (last 3 years): None
Special responsibilities: Member, Audit and Risk Committee
 Member, Remuneration and Nomination Committee
 Member, Operational Risk and Sustainability Committee
 Member, Commercial Committee
Interests in shares: 8,000 fully paid ordinary shares
Interests in options: None

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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: Chair, Independent Board Committee
Member, Audit and Risk Committee
Member, Commercial 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): None

Special responsibilities: Chairman, Remuneration and Nomination Committee
Member, Independent Board Committee
Member, Operational Risk and Sustainability Committee

Interests in shares: 300,000 Fully Paid Ordinary Shares
Interests in options: None

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Name: Rod Ritchie
Title: Non-Executive Director
Qualifications: B.Sc
Experience and expertise: Mr Ritchie is a Non-Executive director of NZOG. Mr Ritchie joined NZOG's board in 2013. He began his career as a petroleum engineer with Schlumberger and after 28 Years and then joined OMV where he worked for a further 12 years. Mr Ritchie has over 45 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. More recently he has qualified as an executive and leadership coach with the Australian Institute of Professional coaches (AIPC) and also works with the CEO institute in Perth WA as a syndicate chair.

Other current directorships: NZOG
 Coromandel Pure Honey 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: NZOG

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: None
Interests in options: None

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Directors' report
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Name: Mr Marco Argentieri
Title: Non-Executive Director
Experience and expertise: Mr Argentieri is a Director of NZOG, Executive Vice President of 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: NZOG
Former directorships (last 3 years): None
Special responsibilities: Chair, Audit and Risk Committee
Member, Commercial Committee

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 from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021, Vistra acquired Leydin Freyer and, Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of expert advisory and administrative support to Fund, Corporate, Capital Market and Private Wealth clients.

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	Remunerati on and Nomination Committee Attended	Remunerati on and Nomination Committee Held	Audit and Risk Committee Attended	Audit and Risk Committee Held	Operational Risk and Sustainabilit y Committee Attended	Operational Risk and Sustainabilit y Committee Held
Alastair McGregor	5	5	3	3	-	-	-	-
Andrew Jefferies	5	5	3	3	2	2	4	4
Peter Hood	5	5	-	-	2	2	-	-
Richard Malcolm	5	5	3	3	-	-	4	4
Rod Ritchie	5	5	3	3	-	-	4	4
Samuel Kellner	3	5	-	-	-	-	-	-
Marco Argentieri	5	5	-	-	2	2	-	-

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 2023, in accordance with the Corporations Act 2001 and its regulations.

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Key management personnel (KMP) 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 (Non-Executive Director)
- Richard Malcolm (Non-Executive Director)
- Rod Ritchie (Non-Executive Director)
- Samuel Kellner (Non-Executive Director)
- Marco Argentieri (Non-Executive Director)

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.

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 base cash salary and fees
- Short term incentive (STI) programme benefits, including cash bonuses
- Long term benefits in the form of long service leave;
- Superannuation entitlements post employment; and
- Equity settled benefits, including but not limited to long term incentives in the form of options and/or performance rights.

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. The Board last reviewed the salaries paid to peer company executives in determining the salary of the Company's KMP at the end of the 2022 financial year. 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 his annual STI, based on actual performance against key performance indicators (KPIs).

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 6 October 2022.

Term: Permanent employment contract, no fixed terms.

Details: Base salary of \$400,800 per annum plus superannuation, up to the super guarantee maximum employer contribution, to be reviewed annually by the Board. Mr Boyall is also entitled to short-term incentive up to 30% (2022: 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. Mr Boyall's entitlements to long-term incentives is determined at the Board's sole discretion.

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:

KMP Compensation - 30 June 2023

30 June 2023	Short-term benefits		Short-term benefits		Long-term benefits	Post employment	Share-based payments	Total
	Cash salary and fees	Deemed short term benefits*	Cash bonuses	Consulting Fees	Long service leave	Superannuation	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>								
Alastair McGregor*	-	94,340	-	-	-	-	-	94,340
Andrew Jefferies*	-	59,416	-	-	-	-	-	59,416
Peter Hood	68,096	-	-	-	-	7,235	-	75,331
Richard Malcolm	63,301	-	-	-	-	6,725	-	70,026
Rod Ritchie	70,026	-	-	12,000	-	-	-	82,026
Samuel Kellner*	-	59,416	-	-	-	-	-	59,416
Marco Argentieri*	-	70,026	-	-	-	-	-	70,026
<i>Other Key Management Personnel:</i>								
Matthew Boyall**	398,592	-	90,180	-	27,021	27,500	50,688	593,981
	600,015	283,198	90,180	12,000	27,021	41,460	50,688	1,104,562

* As in previous years, during the year ended 30 June 2023, Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri declined to receive compensation for the provision of Directorial services from the Company, nor was any paid to any related parties on their behalf. The deemed compensation shown above reflects the estimated compensation paid by those Directors' employers considered attributable to the company for services provided.

Total remuneration of \$1,104,562 for FY 2023 includes the presentation of deemed compensation amounting to \$283,198. The entire value of the \$283,198 (i) solely arose from the technical application of disclosure requirements of the accounting standards, and (ii) the \$283,198 is deemed only and neither the Company nor any member of the Consolidated Entity paid or in any way settled or has obligations to settle the aforementioned deemed remuneration of \$283,198. The Consolidated Entity's actual obligations for the settlement of Directors' and other key management personnel's remuneration for FY 2023 is \$821,364.

** Matthew Boyall's cash bonus consists of \$90,180 for achieving a 75% performance rating against 2022 key performance indicators (KPIs). The KPIs were measured against the actual results for the calendar year ending 31 December 2022. Mr Boyall is entitled to up to 30% of base salary in short term incentives.

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KMP Compensation - 30 June 2022

	Short-term benefits	Short-term benefits Restated	Short-term benefits	Long-term benefits	Post employment	Share-based payments	Total
	Cash salary and fees	Deemed short term benefits*	Cash bonuses	Long service leave	Superannuation	Equity-settled	Restated
30 June 2022	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>							
Alastair McGregor*	-	88,916	-	-	-	-	88,916
Andrew Jefferies*	-	56,000	-	-	-	-	56,000
Peter Hood	64,473	-	-	-	6,527	-	71,000
Richard Malcolm	59,932	-	-	-	6,068	-	66,000
Rod Ritchie	66,000	-	-	-	-	-	66,000
Samuel Kellner*	-	56,000	-	-	-	-	56,000
Marco Argentieri*	-	66,000	-	-	-	-	66,000
<i>Other Key Management Personnel:</i>							
Matthew Boyall**	366,868	-	73,085	9,606	27,500	61,175	538,234
	557,273	266,916	73,085	9,606	40,095	61,175	1,008,150

* Total remuneration of \$1,008,150 has been restated by \$266,916 for FY 2022 as a result of the presentation of deemed compensation, as compared to nil previously disclosed. The entire value of the \$266,916 increase (i) solely arose from the technical application of disclosure requirements of the accounting standards, and (ii) the \$266,916 is deemed only and neither the Company nor any member of the Consolidated Entity paid or in any way settled or has obligations to settle the aforementioned deemed remuneration of \$266,916. The Consolidated Entity's actual obligations for the settlement of Directors' remuneration is unchanged from that which has been previously reported.

** Matthew Boyall's cash bonus consists of \$73,085 for achieving a 65.7% performance rating against 2021 key performance indicators (KPIs). The KPIs were measured against the actual results for the calendar year ending 31 December 2021. Mr Boyall is entitled to up to 30% of base salary in short term incentives.

The proportion of remuneration linked to the Consolidated Entity's performance and the fixed proportion are as follows:

Name	Fixed remuneration	Fixed remuneration	At risk - STI		At risk - LTI	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Directors:</i>						
Alastair McGregor*	100%	100%	-	-	-	-
Andrew Jefferies*	100%	100%	-	-	-	-
Peter Hood	100%	100%	-	-	-	-
Marco Argentieri*	100%	100%	-	-	-	-
Richard Malcolm	100%	100%	-	-	-	-
Rod Ritchie	100%	100%	-	-	-	-
Samuel Kellner*	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Matthew Boyall	85%	86%	15%	14%	-	-

* Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri were not directly remunerated by the Company during the years ended 30 June 2023 and 2022.

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(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 an ESOP;
- 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". Unless the Board determines otherwise at its sole discretion, Options held by good leavers will expire upon cessation of employment;
- 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; and
- the Board is granted a certain level of discretion under the Employee Incentive Programme (EIP), including the power to amend the rules under which the EIP is governed and to waive vesting conditions, forfeiture conditions or disposal restrictions, including but not limited to the execution of the EIP's terms upon termination of employment.

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

3,649,298 options were granted under the ESOP during the financial year to 30 June 2023 (2022: 4,599,003). 216,124 options were forfeited due to an employee departure from the Company during the year. These options did not have any other vesting conditions other than continuing employment and the related time of service through the vesting date.

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 2023.

Options

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

Name	Number of options		Vesting date and		Exercise price (Cents)	Fair value per option at grant date (Cents)
	granted	Grant Date	exercisable date	Expiry date		
Matthew Boyall	1,288,338	29 July 2019	1 July 2021	1 July 2023	7.000	4.000
Matthew Boyall	1,399,595	4 October 2019	1 July 2022	1 July 2024	9.000	5.900
Matthew Boyall	1,102,607	16 July 2020	1 July 2023	1 July 2025	11.700	5.100
Matthew Boyall	1,428,843	23 July 2021	1 July 2024	23 July 2026	7.800	3.900
Matthew Boyall	1,714,612	30 August 2022	1 July 2025	1 July 2027	8.900	3.200

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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 2023.

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Production revenue from continuing operations	51,605	44,439	22,449	23,916	25,730
Profit/(loss) before income tax expense from continuing operations	19,881	21,756	(7,442)	5,099	12,856
Profit/(loss) after income tax expense	15,211	16,068	(12,743)	1,313	8,549
Total KMP remuneration settled by the Consolidated Entity	821	741	659	690	651

	2023	2022	2021	2020	2019
Share price at start of year (cents)	6.50	6.00	9.50	8.30	5.70
Share price at end of year (cents)	5.60	6.50	6.00	9.50	8.30
Basic earnings/(loss) per share (cents)	2.18	2.30	(1.83)	0.19	1.22
Diluted earnings/(loss) per share (cents)	2.18	2.30	(1.83)	0.19	1.22
Dividend (\$'000)	-	-	-	-	-

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	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares*</i>				
<i>Non-Executive Directors</i>				
Andrew Jefferies	8,000	-	-	8,000
Peter Hood	80,000	-	-	80,000
Richard Malcolm	300,000	-	-	300,000
<i>Other Key Management Personnel</i>				
Matthew Boyall	200,000	-	-	200,000
	<u>588,000</u>	<u>-</u>	<u>-</u>	<u>588,000</u>

* Alastair McGregor, 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 Ritchie, Samuel Kellner and Marco Argentieri) holds 349,368,803 fully paid ordinary shares in the Company.

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Cue Energy Resources Limited
Directors' report
30 June 2023

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
<i>Options over ordinary shares</i>					
Matthew Boyall	5,219,383	1,714,612	-	-	6,933,995
	5,219,383	1,714,612	-	-	6,933,995

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 (cents)	Number under option
29/07/2019	01/07/2023	01/07/2021	7.00	3,473,653
04/10/2019	01/07/2024	01/07/2022	9.00	3,523,014
16/07/2020	01/07/2025	01/07/2023	11.70	3,204,237
23/07/2021	23/07/2026	01/07/2024	7.80	4,005,799
30/08/2022	01/07/2027	01/07/2025	8.90	3,598,698

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 2023 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 officer or 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 17 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.

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Cue Energy Resources Limited
Directors' report
30 June 2023

The Board of Directors pre-approves all non audit services 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

25 August 2023

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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 2023 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
25 August 2023

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Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
Revenue from continuing operations			
Revenue from operations	5	51,605	44,439
Production costs	6	(22,743)	(17,286)
Gross profit from production		<u>28,862</u>	<u>27,153</u>
Other income		487	15
Net foreign currency exchange gain		10	10
Expenses			
Exploration activities	7	(3,073)	(1,531)
Corporate and administration expenses	8	(2,485)	(3,058)
Sales expenses		(2,217)	(1,092)
Finance (cost)/reversal		<u>(1,703)</u>	<u>259</u>
Profit before income tax expense		19,881	21,756
Income tax expense	9	<u>(4,670)</u>	<u>(5,688)</u>
Profit after income tax expense for the year attributable to the owners of Cue Energy Resources Limited		15,211	16,068
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>947</u>	<u>1,759</u>
Other comprehensive income for the year, net of tax		<u>947</u>	<u>1,759</u>
Total comprehensive income for the year attributable to the owners of Cue Energy Resources Limited		<u>16,158</u>	<u>17,827</u>
		Cents	Cents
Basic earnings per share	25	2.18	2.30
Diluted earnings per share	25	2.18	2.30

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 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		15,238	23,223
Trade and other receivables	10	10,822	6,904
Contract assets		5,118	1,836
Inventories		1,181	1,237
Total current assets		<u>32,359</u>	<u>33,200</u>
Non-current assets			
Advances paid for restoration works	12	5,994	6,300
Property, plant and equipment		26	34
Right-of-use assets		110	175
Exploration and evaluation assets	7	114	1,950
Production properties	11	62,289	54,117
Development assets	11	4,458	4,243
Deferred tax assets	9	12,250	6,888
Deposits		404	-
Total non-current assets		<u>85,645</u>	<u>73,707</u>
Total assets		<u>118,004</u>	<u>106,907</u>
Liabilities			
Current liabilities			
Trade and other payables		3,929	4,651
Contract liabilities		822	1,545
Borrowings		3,945	-
Lease liabilities		91	86
Tax liabilities	9	3,998	2,666
Provisions		231	192
Deferred consideration		225	6,337
Total current liabilities		<u>13,241</u>	<u>15,477</u>
Non-current liabilities			
Contract liabilities		4,332	5,207
Borrowings	15	-	6,895
Lease liabilities		45	122
Deferred tax liabilities	9	7,631	6,751
Provisions	12	28,563	24,517
Total non-current liabilities		<u>40,571</u>	<u>43,492</u>
Total liabilities		<u>53,812</u>	<u>58,969</u>
Net assets		<u>64,192</u>	<u>47,938</u>
Equity			
Contributed equity	13	152,416	152,416
Reserves	14	6,393	1,132
Accumulated losses		(94,617)	(105,610)
Total equity		<u>64,192</u>	<u>47,938</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 2023

Consolidated	Contributed equity \$'000	Reserves \$'000	General reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	152,416	(815)	-	(121,678)	29,923
Profit after income tax expense for the year	-	-	-	16,068	16,068
Other comprehensive income for the year, net of tax	-	1,759	-	-	1,759
Total comprehensive income for the year	-	1,759	-	16,068	17,827
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 26)	-	188	-	-	188
Balance at 30 June 2022	<u>152,416</u>	<u>1,132</u>	<u>-</u>	<u>(105,610)</u>	<u>47,938</u>

Consolidated	Contributed equity \$'000	Reserves \$'000	General reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	152,416	1,132	-	(105,610)	47,938
Profit after income tax expense for the year	-	-	4,218	10,993	15,211
Other comprehensive income for the year, net of tax	-	947	-	-	947
Total comprehensive income for the year	-	947	4,218	10,993	16,158
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 26)	-	96	-	-	96
Balance at 30 June 2023	<u>152,416</u>	<u>2,175</u>	<u>4,218</u>	<u>(94,617)</u>	<u>64,192</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 2023

	Note	Consolidated 2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		43,458	43,548
Interest received		432	11
Payments to suppliers and employees		(18,845)	(15,790)
Payments for exploration and evaluation expenditure		(2,618)	(1,885)
Income tax paid		(6,738)	(7,274)
Royalties paid		(2,353)	(943)
		<u>13,336</u>	<u>17,667</u>
Interest and other finance costs paid		(683)	(5)
Net cash from operating activities	24	<u>12,653</u>	<u>17,662</u>
Cash flows from investing activities			
Payments for exploration, development and production properties		(11,261)	(6,588)
Payments for plant and equipment		(5)	(5)
Payment for businesses acquired	22	(6,082)	(12,522)
Payments for security bonds		(282)	-
Net cash used in investing activities		<u>(17,630)</u>	<u>(19,115)</u>
Cash flows from financing activities			
Payments of principal element of lease liabilities		(81)	(48)
Proceeds from borrowings, net of fees		-	6,895
Repayment of borrowings		(3,000)	-
Net cash from/(used in) financing activities		<u>(3,081)</u>	<u>6,847</u>
Net increase/(decrease) in cash and cash equivalents		(8,058)	5,394
Cash and cash equivalents at the beginning of the financial year		23,223	17,644
Effects of exchange rate changes on cash and cash equivalents and restricted cash		73	185
Cash and cash equivalents at the end of the financial year		<u><u>15,238</u></u>	<u><u>23,223</u></u>

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

Cue Energy Resources Limited
Notes to the financial statements
30 June 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 year, hereinafter collectively referred to as the Consolidated Entity. 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.

As detailed in note 16, Cue Energy Resources Limited's parent entity is New Zealand Oil & Gas Limited (NZOG), a company incorporated in New Zealand and its ultimate parent entity is O.G. Oil & Gas (Singapore) Pte. Ltd. (OGOG), a company incorporated in Singapore.

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 25 August 2023.

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 Consolidated Entity 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 have 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 19.

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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 2023 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 Consolidated Entity 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 Consolidated Entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. 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 Consolidated Entity.

Investments in subsidiaries are accounted for at cost in the standalone financial statements of the parent entity, Cue Energy Resources Limited.

(e) Production revenue

Revenue from the sale of crude oil and gas is recognised at the point in time when control of the product is transferred to the customer, which is generally when the product is physically transferred into a vessel, pipe or other delivery mechanism and the customer accepts the product. Consequently, the Consolidated Entity's performance obligations are considered to relate only to the sale of crude oil / gas, with each barrel of crude oil or cubic meter of gas is considered to be a separate performance obligation under the contractual arrangements in place.

Under the terms of the relevant production sharing arrangements, the Consolidated Entity is entitled to its participating share in the crude oil based on the Consolidated Entity's working interest. Revenue from contracts with customers is recognised based on the actual volumes sold to customers.

The Consolidated Entity's sales of crude oil are priced based on market prices and sales of gas are priced based on different contractual arrangements which include fixed and market prices.

(f) Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the net carrying amount of the financial asset.

(g) Cash and cash equivalents

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.

(h) Trade and other payables

Trade and other payables 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.

(i) Inventories

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

Note 2. Significant accounting policies (continued)

(j) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(k) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

(l) Foreign currency

Functional and presentation currency

The 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, the Consolidated Entity's presentation currency.

Transactions and balances

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

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

Foreign operations

The results and financial position of Consolidated Entity'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.

(m) Advances paid for rehabilitation works

Advances paid for rehabilitation works represent amounts paid to special purpose funds established with the primary objective of meeting future rehabilitation obligations and are recognised and measured in accordance with AASB Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (AASBI 5). AASBI 5 requires restoration provisions and contributions to funds to be separately disclosed in the Consolidated Entity's statement of financial position.

(n) Contract assets and liabilities

Contract assets and liabilities are recognized and measured in accordance with AASB 15 Revenue from Contracts with Customers.

Note 2. Significant accounting policies (continued)

Contract assets

Contract assets represent rights to consideration for performance obligations satisfied to date, which will be recognised as trade receivables when the right to invoice becomes unconditional.

Contract liabilities

Contract liabilities represent the Consolidated Entity's obligation to transfer gas to customers and are recognised when a customer pays consideration or when a receivable is recognised reflecting its unconditional right to consideration before the Consolidated Entity has satisfied its performance obligations in respect of the transfer of the goods or services to the customer.

The Consolidated Entity has performance obligations for the delivery of gas for which payment was received in advance and for gas not taken by its sole customer in the Dingo field, in respect of a take or pay arrangement in accordance with which the Consolidated Entity has the obligation to upon request provide gas in the contractually defined volumes which were not able to be consumed. The customer must take the future delivery of gas no later than 2035. If and when concluded that the customer's entitlements to take future gas deliveries within the contractually defined time, the relevant portion of the contract liability is derecognised.

(o) Loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(p) 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.

(q) 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 in the application of accounting standards, make certain assumptions that affect the application of policies and consider and conclude on sources of and apply estimation uncertainties which affect the reported amounts of assets, 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 within the next financial year are discussed below.

Note 3. Critical accounting estimates and judgements (continued)

(i) Recovery of deferred tax assets

Management recognise deferred tax assets on unutilised carry forward tax losses if management considers it is probable that future tax profits will be available to utilise the unused tax losses (refer to note 9).

Management are required to make assumptions on and consider inherent uncertainties in respect of the various inputs used in the estimation of future taxable income against which unutilised losses may be applied. These assumptions include but are not limited to the nature, timing and extent of project development and reserves, production and sales performance, energy prices where not contractually fixed and which are subject to global macroeconomic factors and inflation and its impact on future tax deductions. The inherent estimation uncertainty when forecasting future operational and financial performance also directly the actual generation of future taxable income, which may differ to the estimated taxable income and associated deferred tax asset.

(ii) Impairment of production properties

Production properties impairment testing requires an estimation of recoverable amount, which management have determined using either fair value less costs to sell or a value-in-use model for the respective cash generating units (CGUs).

Management is required to apply its judgement in concluding on the definition of CGUs to which an asset or group of assets relates. Furthermore, in defining the discount rate appropriate to calculate the present value of future outflows when determining the fair value less costs to sell or value-in-use, management is requirement to apply judgement in determining the relevant risks and basis of calculating the risks associated with compiling an appropriate discount rate.

The calculation of a CGU's recoverable amount through either the fair value less costs to sell or its value-in-use requires the entity to make certain assumptions on reserves, future production volumes, pricing of its energy products and cost estimates, exchange rates and how they impact on future cashflows, where appropriate the costs to sell and in respect of the inputs utilised in defining an appropriate discount rate.

These assumptions are inherently uncertain inputs and assumptions and accordingly management review their accuracy and appropriateness periodically, no less than twice a year. Other assumptions used in the calculations which could have an impact on future years are detailed in note 11.

Management have considered and made assumptions in respect of the impact of climate change and the development of commercially viable alternative energy sources on future cashflows and the respective CGUs' value in use and fair value less costs to sell. The assumptions are based on current information, historical trends and future expectations which may differ to the assumptions made by management when concluding on the impact of climate change and the development of commercially viable alternative energy sources.

The Russian-Ukrainian conflict continues to develop, the result of which has had significant global macro-economic impacts, including increasing instability in global energy prices. Related impacts include 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 conflict's development and conclusion is inherently uncertain and the consequences for the global economy and the Company's operations unpredictable. The Consolidated Entity has, to the extent possible, in assessing its CGUs for impairment, made certain assumptions on the potential impact which the conflict has and will have on its future financial performance.

(iii) Useful life of production properties and their amortisation

As detailed in note 11, certain production properties are amortised on a unit-of-production basis, with separate calculations being made for each resource. As noted below, estimates of reserve quantities and future production volumes are based on certain assumptions and subject to inherent estimation uncertainties. These factors are critical elements of the calculation of the amortisation of production property assets.

Note 3. Critical accounting estimates and judgements (continued)

(iv) Estimates of reserve quantities

The estimated quantities of Consolidated Entity's reported Proven and Probable hydrocarbon reserves 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 certain 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 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 Consolidated Entity's policies and procedures for reserves estimation, which conform to guidelines prepared by the Society of Petroleum Engineers.

(v) Restoration (rehabilitation or rehab) 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 in accordance with the terms of the respective permits and relevant legislation in the various jurisdictions in which the Consolidated Entity operates. There is inherent uncertainty in the definition of the works undertaken, technology used to complete the works, the estimation of the relevant costs associated with the defined works and the timing of settlement of restoration obligations. Details of restoration provisions are disclosed in note 12.

(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) Development assets

Development 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 mineral resources. Key judgements are applied in considering costs to be capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. The primary assumption made in respect of development assets is that these assets will be able to be realised through the successful development of the relevant mining tenement or through its sale.

Assumptions are also made, that could impact the future commercial production at the mine, when concluding on the level of reserves and resources, the impact on future technology changes on mining techniques which could impact the cost of mining, future legal changes, the impact of climate change 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.

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 EBITDAX, an adjusted measure of earnings before interest expense, tax, depreciation and amortisation, which allows peer comparison when assessing performance. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the Group financial statements.

Note 4. Financial reporting by segments (continued)

With the expansion and contribution of the Mahato operations to the Group's financial position and performance, management have concluded that the Group operates in four principal segments: Australia, being the Amadeus Basin assets, 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 from prior periods, where segments were 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. For details of subsidiaries refer to note 20 and interests in joint operations refer to note 21.

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.

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

	Australia	New Zealand	Indonesia		Corporate	Total
	\$'000	Maari	Mahato	Sampang	\$'000	\$'000
Consolidated - 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Revenue from operations	11,889	9,510	18,714	11,492	-	51,605
Total revenue	11,889	9,510	18,714	11,492	-	51,605
EBITDAX	6,630	4,512	14,069	7,473	(1,819)	30,865
Depreciation and amortisation	(2,127)	(2,081)	(1,118)	(707)	(66)	(6,099)
Share-based payments expense	-	-	-	(22)	(74)	(96)
Business development expenses	21	-	-	-	(34)	(13)
Finance costs	(202)	(144)	(3)	(601)	(753)	(1,703)
Exploration and evaluation expenses	(2,217)	-	(816)	-	(40)	(3,073)
Profit/(loss) before income tax expense	2,105	2,287	12,132	6,143	(2,786)	19,881
Income tax expense						(4,670)
Profit after income tax expense						15,211

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Note 4. Financial reporting by segments (continued)

	Australia	New Zealand	Indonesia		Corporate	Total
	\$'000	Maari \$'000	Mahato \$'000	Sampang \$'000	\$'000	\$'000
Consolidated - 2022						
Revenue						
Revenue from operations	8,208	9,169	14,915	12,147	-	44,439
Total revenue	8,208	9,169	14,915	12,147	-	44,439
EBITDAX						
Depreciation and amortisation	(1,590)	(1,371)	(1,232)	(1,236)	(71)	(5,500)
Business development expenses	(654)	-	-	-	(119)	(773)
Finance costs	(77)	266	-	81	(11)	259
Share-based payments	-	-	-	(9)	(179)	(188)
Exploration and evaluation expenses	(1,469)	-	-	-	(62)	(1,531)
Profit/(loss) before income tax expense	804	4,882	11,347	7,141	(2,418)	21,756
Income tax expense						(5,688)
Profit after income tax expense						16,068

Non-current assets by geographic segment	Consolidated	
	2023 \$'000	2022 \$'000
Australia	33,654	33,169
Indonesia	24,058	20,447
New Zealand	15,590	13,048
	73,302	66,664

Major customers

The Group has a number of customers to whom it provides oil products, of which 63% (FY 2022: 58%) of revenue is supplied to one customer and 32% (FY 2022: 36%) another. The Group supplies gas to a number of external customers, one of which generates 51% (FY 2022: 63%) of revenue and 13% (FY 2022: 13%) another.

Note 5. Revenue from operations

	Consolidated	
	2023 \$'000	2022 \$'000
Crude oil and condensate revenue	29,580	25,716
Natural gas revenue	22,025	18,723
	51,605	44,439

Note 6. Production costs

	Consolidated	
	2023	2022
	\$'000	\$'000
Production costs	16,738	11,871
Amortisation of production properties	6,005	5,415
	<u>22,743</u>	<u>17,286</u>

Note 7. Exploration activities

	Consolidated	
	2023	2022
	\$'000	\$'000
Exploration assets		
Palm Valley	-	1,770
Dingo	114	180
	<u>114</u>	<u>1,950</u>

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

Exploration assets	Palm Valley	Dingo	Total
	\$'000	\$'000	\$'000
Balance at 1 July	1,770	180	1,950
Additions during the year	1,576	(66)	1,510
Transfers to production properties	(3,162)	-	(3,162)
Amounts expensed during the year	(184)	-	(184)
	<u>-</u>	<u>114</u>	<u>114</u>

	Consolidated	
	2023	2022
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Exploration costs expensed</i>		
Palm Valley	2,158	1,835
Mahato	816	-
Dingo	45	15
Mereenie	14	28
Other	40	(347)
Exploration costs expensed	<u>3,073</u>	<u>1,531</u>

The Consolidated Entity incurred \$2.16 million (30 June 2022: \$0.87 million) in exploration and evaluation expenses in respect of the discontinued exploration works on the Palm Valley Deep well. Palm Valley exploration activities were successfully completed in December 2022 and consequently \$3.16 million were transferred to production properties.

Note 7. Exploration activities (continued)

Accounting policy on exploration activities

AASB 6 Exploration for and Evaluation of Mineral Resources allows the Group to either capitalise or expense exploration and evaluation expenditure incurred. 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 accordance with the policy on the amortisation of proportion assets. Costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. 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.

Note 8. Corporate and administration expenses

	Consolidated	
	2023	2022
	\$'000	\$'000
Employee expenses	1,200	1,308
Accounting and audit fees	597	393
Share based payments	96	188
Depreciation expense	94	84
Superannuation contribution expense	57	71
Business development expenses	13	773
Legal expenses	3	19
Other expenses	425	222
	<u>2,485</u>	<u>3,058</u>
Total administration expenses	<u>2,485</u>	<u>3,058</u>

Note 9. Income tax expense

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	9,154	7,902
Adjustment recognised for current tax in prior periods	-	299
Initial Recognition of previously unrecognised net deferred tax assets	(1,027)	-
Deferred tax - origination and reversal of temporary differences	(3,457)	(2,513)
	<u>4,670</u>	<u>5,688</u>
Aggregate income tax expense	<u>4,670</u>	<u>5,688</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	19,881	21,756
Tax at the statutory tax rate of 30%	5,964	6,527
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Recognition of deferred tax (assets)/liabilities	(3,814)	(2,513)
Difference in overseas tax rates	1,653	2,833
Differences arising from the application of royalty regimes	827	485
Other balances and permanent differences	(615)	(2,422)
Prior year tax losses not recognised/(recognised)	655	479
	<u>4,670</u>	<u>5,389</u>
Adjustment recognised for current tax in prior periods	-	299
Income tax expense	<u>4,670</u>	<u>5,688</u>

The Consolidated Entity's effective tax rate for the year ended 30 June 2023 was 23% (30 June 2022: 26%).

Note 9. Income tax expense (continued)

	Consolidated	
	2023	2022
	\$'000	\$'000
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(5,362)	(4,247)
Increase/(decrease) in deferred tax liabilities	880	1,734
	<u>(4,482)</u>	<u>(2,513)</u>
Deferred tax – origination and reversal of temporary differences	<u>(4,482)</u>	<u>(2,513)</u>

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current tax liabilities	<u>3,998</u>	<u>2,666</u>

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. 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.

	Consolidated	
	2023	2022
	\$'000	\$'000
Deferred tax assets recognised comprises of:		
Restoration provisions	2,518	4,703
Carried forward tax losses	9,508	1,772
Other	224	413
	<u>12,250</u>	<u>6,888</u>

During the year ended 30 June 2023, the Consolidated Entity recognised a deferred tax asset of \$7.74 million (30 June 2022: \$1.77 million) in respect of previously unrecognised carried forward tax losses. The Consolidated Entity has a deferred tax asset of \$9.51 million at 30 June 2023 for carried forward tax losses recognised.

	Consolidated	
	2023	2022
	\$'000	\$'000
Deferred tax liabilities recognised comprises of:		
Production, development and exploration and evaluation assets	7,631	6,768
Other	-	(17)
	<u>7,631</u>	<u>6,751</u>
Deferred tax liabilities	<u>7,631</u>	<u>6,751</u>

	Consolidated	
	2023	2022
	\$'000	\$'000
Reconciliation of movement in deferred tax balances		
Opening balance of net deferred tax assets/(liabilities)	137	(2,376)
Restoration provisions	(2,185)	2,167
Carried forward losses	7,736	1,772
Production, development and exploration and evaluation assets	(863)	(1,661)
Other	(206)	235
	<u>4,619</u>	<u>137</u>
Closing balance of net deferred tax assets	<u>4,619</u>	<u>137</u>

Note 9. Income tax expense (continued)

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Deferred tax not recognised</i>		
Deferred tax not recognised comprises temporary differences attributable to:		
Employee provisions	-	58
Tax losses	23,033	39,298
Less deferred tax liabilities not recognised - Production properties	-	(3,172)
Less deferred tax liabilities not recognised - Inventories	-	(360)
Accrued expenses	-	36
	<u>23,033</u>	<u>35,860</u>
Net deferred tax not recognised	<u>23,033</u>	<u>35,860</u>

At 30 June 2023, the Consolidated Entity had \$76.78 million in unutilised carry forward losses, the tax effect of which is \$23.03 million. The aforementioned potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

At 30 June 2023 no franking and imputation credits were held for subsequent reporting periods (30 June 2022: 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.

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. Income tax expense (continued)

Cue Taranaki Pty Ltd is subject to the provisions of its Petroleum Mining Permit (the Permit) which, in conjunction with the Minerals Programme for Petroleum (1995) Act and Crown Minerals (Royalties for Petroleum) Regulations 2013 (collectively the Legislation), defines the basis of provisional royalty payments made each reporting period. The provisions of the Permit define a hybrid royalty system whereby the minimum royalty payment, is the higher of 5% of revenues or 20% of the provisional accounting profit (APR), as defined in the legislation.

The Consolidated Entity recognises the minimum royalty payment as a royalty expense, included in the statement of profit or loss and other comprehensive income as production costs, with any excess of the APR over the minimum royalty payment presented as an income tax expense, in accordance with AASB 112. At 30 June 2023 a deferred tax asset of \$5.06 million and a deferred tax liability of \$1.38 million have been recognised in respect of the application of the terms of the Legislation to timing differences arising between the recognition and measurement criteria in the Legislation and the application of Australian Accounting Standards. These deferred tax balances are in addition to balances recognised on temporary timing differences generated through the application of the respective corporate income tax legislation in the jurisdictions in which the Consolidated Entity operates.

Note 10. Current assets - trade and other receivables

	Consolidated	
	2023	2022
	\$'000	\$'000
Trade receivables	8,510	4,508
Other receivables	2,121	2,221
	<u>10,631</u>	<u>6,729</u>
Prepayments	191	175
	<u>10,822</u>	<u>6,904</u>

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 2023 (30 June 2022: Nil).

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

	Consolidated	
	2023	2022
	\$'000	\$'000
Not overdue	5,432	2,150
Less than one month	5,148	4,415
More than 1 month overdue, not impaired	51	-
	<u>10,631</u>	<u>6,565</u>

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

On 10 July 2023, \$3.07 million was received from Maari oil sales in June 2023, reducing amount noted as trade and other receivables.

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

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 - production properties

	Consolidated	
	2023	2022
	\$'000	\$'000
Net accumulated cost incurred on areas of interest		
Joint operation production assets		
Sampang	2,794	3,820
Maari	15,590	13,048
Mahato	10,910	6,131
Palm Valley	6,523	3,127
Mereenie	18,564	19,762
Dingo	7,908	8,229
	<u>62,289</u>	<u>54,117</u>
Balance as at 30 June	<u>62,289</u>	<u>54,117</u>

Reconciliations

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

	Consolidated	
	2023	2022
	\$'000	\$'000
Production properties		
Balance at 1 July	54,117	18,344
Additions during the year	7,662	3,233
Changes in restoration provision – production (note 12)	2,919	2,799
Amortisation expense	(6,032)	(5,415)
Contract liabilities reversed	(348)	-
Transfers	3,055	-
Additions through Amadeus Basin business combination (note 22)	-	33,609
Changes in foreign currency translation	916	1,547
	<u>62,289</u>	<u>54,117</u>
Closing balance 30 June	<u>62,289</u>	<u>54,117</u>

Estimates of each cash generating unit's (CGU) recoverable amounts are based on either the fair value less costs to sell or value-in-use, which is determined by discounting each CGU's estimated future cash flows at CGU specific discount rates. Estimated future cashflows are based on the following key assumptions:

- reserves estimates and the impact of technological advancements on the ability to commercially extract oil and gas;
- production volumes and timing thereof;
- commodity prices and the macroeconomic, technological and climate related factors which may influence forward looking estimates;
- legislative & compliance obligations & entitlements, including the extension of licenses where applicable; and
- costs and the impact of inflation.

The pre-tax discount rates applied in discounting estimated future cashflows were between 12.88% and 14.29% at 30 June 2023 (30 June 2022: 14.3%), equivalent to post-tax discount rates between 12.47% and 13.30% (30 June 2022: 10.0%) depending on the nature of the risks specific to each cash generating unit.

Note 11. 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 performed on the basis which best reflects the consumption of future economic benefits. In the Amadeus Basin properties, physical assets are amortised on the straight line basis whilst all other production properties are amortised 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 and reversals are 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 either the fair value less costs to sell or the value-in-use calculations, which use 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 cash generating units is the greater of their fair value less cost to sell 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 based on assumptions that reflect 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 Mahato PSC and subsequent Indonesian Government regulations contain terms which may require the dilution of the existing partners in the joint operations for no consideration, including the Consolidated Entity's interests by up to 10% after production has commenced, for no consideration in exchange.

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 11. Non-current assets - production properties (continued)

Development assets

Net accumulated cost incurred on areas of interest Development assets	Consolidated	
	2023 \$'000	2022 \$'000
Sampang - Paus Biru	4,348	4,185
Mereenie	110	58
	<u>4,458</u>	<u>4,243</u>

Note 12. Non-current liabilities - provisions

	Consolidated	
	2023 \$'000	2022 \$'000
Restoration provisions	<u>28,563</u>	<u>24,517</u>

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

Consolidated - 30 June 2023	Restoration provisions \$'000
Carrying amount at the start of the year	24,517
Change in provisions recognised	2,903
Unwinding of discount	406
Impact of foreign currency translation	<u>737</u>
Carrying amount at the end of the year	<u>28,563</u>

During the year ended 30 June 2023, the provision for site restoration costs has increased by \$2.90 million, excluding the impact of foreign exchange rates, primarily as a result of the reassessment of the Maari restoration provision, which increased by \$3.43 million to \$16.83 million following an update of the Maari estimated restoration costs.

	Consolidated	
	2023 \$'000	2022 \$'000
Restoration provisions	28,563	24,517
Advances paid for restoration works	<u>(5,994)</u>	<u>(6,300)</u>
Net unfunded restoration provisions	<u>22,569</u>	<u>18,217</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, 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 30 June 2023, \$5.99 million (30 June 2022: \$6.30 million) has been contributed to such funds in respect of the Mahato and Sampang assets in Indonesia.

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.

Note 12. Non-current liabilities - provisions (continued)

Restoration 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.

When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field, any subsequent changes to the provision, excluding the unwinding of interest in producing assets, commensurately changes the carrying amount of the related oil and gas asset.

Note 13. Equity - contributed equity

	Consolidated			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	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.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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 declare a dividend to be paid to shareholders, return capital to shareholders, or issue new shares.

During the year ended 30 June 2023 management did not pay any dividends (FY 2022: 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 6.15% at 30 June 2023 and 14.38% at 30 June 2022.

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 14. 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	General reserve \$'000	Total \$'000
Balance at 1 July 2021	(1,178)	363	-	(815)
Foreign currency translation	1,759	-	-	1,759
Share-based payments	-	188	-	188
Balance at 30 June 2022	581	551	-	1,132
Foreign currency translation	947	-	-	947
Share-based payments	-	96	-	96
Transfer from accumulated profits	-	-	4,218	4,218
Balance at 30 June 2023	1,528	647	4,218	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.

Options reserve

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

General reserve

The reserve is used to quarantine the Company's standalone accumulated profits generated in a reporting period.

Note 15. Financial instruments

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

The Consolidated Entity 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 Consolidated Entity's financial targets whilst protecting future financial security.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, foreign currency risk, commodity price risk, credit risk and liquidity risk. The Consolidated Entity 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 Consolidated Entity'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.

Risk Exposures and Responses

(a) Fair value risk

Note 15. Financial instruments (continued)

The financial assets and liabilities of the Consolidated Entity 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 Consolidated Entity has trade receivables, other financial assets, trade payables and borrowings, which are a reasonable approximation of their fair values due to their short-term nature. Given the nature of the financial assets and liabilities noted and the relatively short-term nature and the use of the appropriate interest rates in determining the loan's fair value, there is no material fair value risk.

(b) Interest rate risk

The Consolidated Entity's exposure to market interest rates is related primarily to its cash deposits and borrowings.

The Consolidated Entity 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 Consolidated Entity.

(c) Foreign exchange risk

The Consolidated Entity is subject to foreign exchange risk on its international exploration and appraisal activities where costs are incurred in foreign currencies. The Consolidated Entity generates revenue denominated in foreign currencies, and does hold significant foreign currency cash balances. The Consolidated Entity's foreign exchange risk exposures are mitigated through natural hedging, where appropriate.

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

Consolidated 30 June 2023		USD \$'000	NZD \$'000	IDR \$'000	
Financial assets					
Trade and other receivables		84	-	5	
Financial liabilities					
Trade and other payables		3	1,380	-	
		AUD strengthened Effect on profit before tax		AUD weakened Effect on profit before tax	
Consolidated - 30 June 2023	% change		Effect on equity	% change	Effect on equity
Trade and other receivables	10%	(10)	-	-	10
Trade and other payables	10%	130	-	-	(144)
		<u>120</u>	<u>-</u>		<u>(134)</u>
Consolidated 30 June 2022		USD \$'000	NZD \$'000	IDR \$'000	
Financial assets					
Trade and other receivables		-	53	7	
Financial liabilities					
Trade and other payables		-	901	-	

Note 15. Financial instruments (continued)

Consolidated - 30 June 2022	% change	AUD strengthened Effect on		% change	AUD weakened Effect on	
		profit before tax	Effect on equity		profit before tax	Effect on equity
Trade and other receivables	10%	(4)	-	10%	5	-
Trade and other payables	10%	88	-	10%	(92)	-
		<u>84</u>	<u>-</u>		<u>(87)</u>	<u>-</u>

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 generates revenue from the sale of hydrocarbons. Exposure to commodity price risk is therefore limited to this revenue and from future revenue potentially generated from successful exploration and appraisal activities, the quantum of which at this stage cannot be measured. The Group's exposure to commodity price fluctuations is therefore in respect of the sale of petroleum products denominated in US dollars.

Gas contracts are primarily fixed, with an immaterial value of contracts subject to spot prices, limiting the Group's exposure to fluctuations in gas price.

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 Consolidated Entity 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.

Consequently, there are reasonable grounds to conclude that the Group is able to meet its payment obligations in full as and when 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, including taking out loans and where available and appropriate, maintaining credit facilities.

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 2023	12 months or less \$'000	1 to 2 years \$'000	2 to 5 years \$'000	More than 5 years \$'000
Non-derivative financial liabilities				
Trade and other payables	3,929	-	-	-
Lease liabilities	91	45	-	-
Borrowings	4,398	-	-	-

Note 15. Financial instruments (continued)

30 June 2022	12 months or less \$'000	1 to 2 years \$'000	2 to 5 years \$'000	More than 5 years \$'000
Non-derivative financial liabilities				
Trade and other payables	4,652	-	-	-
Borrowings	630	7,618	-	-
Lease liabilities	89	106	17	-

On 23 June 2022, the Consolidated Entity entered into a two-year, unsecured loan agreement with NZOG for \$7.0 million. The loan is unsecured, with an interest rate of 10% p.a. fixed for the term of the loan and an establishment fee of 1.5% of the loan amount. The term of the loan is two years from inception date in June 2022 and early repayments are allowed with no penalty. During the year ended 30 June 2023, \$3 million in loan repayments were made.

At 30 June 2023 the fair value of the loan is \$3.95 million (30 June 2022: \$6.90 million).

(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. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements, reflecting the potential default by the counter-party. The Consolidated Entity does not hold any collateral.

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 which could include 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 16. 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)*

*As in previous years, during the year ended 30 June 2023, Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri declined to receive compensation for the provision of Directorial services from the Company, nor was any paid to any related parties on their behalf. The deemed compensation shown above reflects the estimated compensation paid by those Directors' employers considered attributable to the company for services provided.

Note 16. Key management personnel disclosures and related party disclosures (continued)

The allocation of this compensation has been included as remuneration below for the purposes of compliance with Australian Accounting Standards on disclosure of transactions and relationships with related parties, and with reference to the compensation paid to other Directors for Directorial services provided to 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.

	Consolidated 2023	2022 Restated
Short term employment benefits (including non-monetary benefits)	612,015	557,273
Cash bonuses	90,180	73,085
Deemed short term benefits*	283,198	266,916
Long term benefits	27,021	9,606
Post-employment benefits	41,460	40,095
Share-based payments	50,688	61,175
	<u>1,104,562</u>	<u>1,008,150</u>
Total employee benefits		

*As in previous years, during the year ended 30 June 2023, Alastair McGregor, Andrew Jefferies, Samuel Kellner and Marco Argentieri declined to receive compensation for the provision of Directorial services from the Company, nor was any paid to any related parties on their behalf. The deemed compensation shown above reflects the estimated compensation paid by those Directors' employers considered attributable to the company for services provided.

Total remuneration has been restated for FY 2022 to increase total remuneration by \$266,916 to \$1,008,150 as a result of the presentation of deemed compensation, as compared to deemed compensation as previously disclosed of nil. The entire value of the \$266,916 increase (i) solely arose from the technical application of disclosure requirements of the accounting standards, and (ii) the \$266,916 is deemed only and neither the Company nor any member of the Consolidated Entity paid or in any way settled or has obligations to settle the aforementioned deemed remuneration of \$266,916. The Consolidated Entity's actual obligations for the settlement of Directors' remuneration is unchanged from that which has been previously reported.

Other related party transactions

Repayment of amounts owing to the Company as at 30 June 2023 and all future debts due to the Company, by the controlled entities are subordinated in favour of all other creditors. The Company 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 Company provides management, administration and accounting services to the subsidiaries. No management fees were charged to subsidiaries in the 2023 and 2022 financial years.

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

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Note 16. Key management personnel disclosures and related party disclosures (continued)

The Consolidated Entity enters into operating arrangements where the Group has joint control over the respective venture's oil and gas net assets, described in note 22. In each of the joint operations, the participants appoint an operator to act on their behalf in managing operations (the Operator).

All financial relationships with the Operator are on an arm's length basis.

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 2023, \$0.16 million was accrued for services rendered from the immediate parent company and directors (30 June 2022: \$0.16 million).

During the year ended 30 June 2022, NZOG granted a \$7.0 million unsecured loan to the consolidated entity, the carrying amount of which is \$3.95 million at 30 June 2023 (30 June 2022: \$6.90 million) and in respect of which \$0.70 million in finance costs have been incurred (30 June 2022: \$0.01 million), the details of which are in note 15.

Note 17. Auditor remuneration

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

	Consolidated 2023	Consolidated 2022
	\$	\$
<i>Audit services - KPMG</i>		
Audit or review of the financial statements	273,810	167,360
Other assurance services	8,000	8,280
	<u>281,810</u>	<u>175,640</u>
<i>Other services - KPMG</i>		
Advisory services	65,270	72,036
Tax compliance	21,377	28,142
	<u>86,647</u>	<u>100,178</u>
	<u><u>368,457</u></u>	<u><u>275,818</u></u>

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

Note 18. Contingencies and commitments

Contingent assets and liabilities

The Directors are not aware of any contingent assets or contingent liabilities as at 30 June 2023 (30 June 2022: Nil).

Expenditure commitments

	Consolidated 2023	Consolidated 2022
	\$'000	\$'000
<i>Exploration and evaluation, development and production expenditure commitments*</i>		
The Consolidated Entity participates in a number of licences, permits and production sharing contracts for which it has made commitments, including but not limited to with relevant governments, to complete minimum work programmes.		
Within one year	5,169	15,728
One to five years	-	878
	<u>5,169</u>	<u>16,606</u>

Note 18. Contingencies and commitments (continued)

As of 30 June 2023, Cue has \$5.2 million of exploration and development expenditure commitments, \$4.2 million of which relates to drilling and infrastructure works in the Mahato PSC.

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.

Note 19. 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	
	2023	2022
	\$'000	\$'000
Profit/(loss) after income tax	3	(1,939)
Total comprehensive income	3	(1,939)

Statement of financial position

	Parent	
	2023	2022
	\$'000	\$'000
Total current assets	11,754	21,204
Total assets	21,438	28,497
Total current liabilities	4,748	6,899
Total liabilities	4,765	13,887
Equity		
Contributed equity	152,416	152,416
Options reserve	647	551
Accumulated losses	(136,390)	(138,357)
Total equity	<u>16,673</u>	<u>14,610</u>

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 2023 (2022: nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 (2022: nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for the acquisition of capital assets as at 30 June 2023 (2022: nil).

Note 20. Shares in subsidiaries

Shares held by parent entity at the reporting date:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Cue Mahato Pty Ltd	Indonesia/Australia	100.00%	100.00%
Cue Mahakam Hilir Pty Ltd	Indonesia/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	Indonesia/Australia	100.00%	100.00%
Cue Taranaki Pty Ltd	New Zealand/Australia	100.00%	100.00%
Cue Exploration Pty Ltd	Australia	100.00%	100.00%
Cue Palm Valley Pty Ltd	Australia	100.00%	100.00%
Cue Mereenie Pty Ltd	Australia	100.00%	100.00%
Cue Dingo Pty Ltd	Australia	100.00%	100.00%

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

* Shares held by Cue Mahakam Hilir Pty Ltd.

Note 21. Interests in joint operations

Property	Operator	Cue Interest 2023 (%)	Cue Interest 2022 (%)	Permit expiry date
Indonesia Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100*	100*	15/04/2021
Petroleum development properties Indonesia Sampang PSC	Medco Energi Sampang Pty Ltd	15 (8.18 Jeruk Field)	15 (8.18 Jeruk Field)	04/12/2027
Petroleum production properties New Zealand PMP38160	OMV New Zealand Limited	5	5	02/12/2027
Indonesia Sampang PSC	Medco Energi Sampang Pty Ltd	15 (8.18 Jeruk Field)	15 (8.18 Jeruk Field)	04/12/2027
Mahato PSC	Texcal Energy Mahato Inc.	12.5	12.5	20/07/2042
Amadeus Basin Mereenie (OL4 and OL5 Production Licences)	Central Petroleum	7.5%**	7.5%**	17/11/2023
Palm Valley (OL3 Production Licence)	Central Petroleum	15%	15%	05/11/2024
Dingo (L7 Production Licence)	Central Petroleum	15%	15%	06/07/2039

*Mahakam Hilir PSC exploration permit has expired and regulatory processes for surrender are ongoing as at 30 June 2023.

**The Mereenie production license expires on 17 November 2023. As at 30 June 2023, the license renewal process has not commenced, however, it is expected that the renewal will be successful.

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 22. Business combinations

During the year ended 30 June 2023, there were no business combinations.

Note 22. Business combinations (continued)

Business combinations during the year ended 30 June 2022

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

The Consolidated Entity's acquired interests in the joint operation are a:

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

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

	Cue Energy Resources Limited	New Zealand Oil & Gas Limited	Central Petroleum Limited	Macquarie Mereenie Pty Ltd
Ownership interest in Amadeus Basin business	%	%	%	%
Mereenie	7.5%	17.5%	25%	50%
Palm Valley	15%	35%	50%	-
Dingo	15%	35%	50%	-

In accordance with AASB 3 Business Combinations, the consolidated entity previously reported its interest in the provisional fair value of the assets and liabilities upon acquisition of the Amadeus Basin assets at 30 June 2022. During the year ended 30 June 2023, the consolidated entity has finalised its acquisition accounting for the Amadeus Basin assets, a summary of its interest in the final valuations presented below:

	Final fair value \$'000
Cash and cash equivalents	62
Trade receivables	4
Oil and gas production properties	33,609
Inventories	331
Right of use assets	54
Prepayments	50
Deferred tax asset	1,964
Trade payables	(1,122)
Contract liabilities	(7,562)
Restoration provision	(6,546)
Lease liability	(50)
Deferred tax liability	(1,964)
Acquisition-date fair value of the total consideration transferred	<u>18,830</u>

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

Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 22. Business combinations (continued)

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent and deferred consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent and deferred consideration classified as an asset or liability is recognised in profit or loss. Contingent and deferred consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 23. Events after the reporting period

On 1 July 2023, 3,473,653 options over fully paid ordinary shares in the Company with an exercise price of \$0.07 (7 cents) expired.

On 10 July 2023, \$3.07 million was received from Maari oil sales in June 2023, reducing the trade and other receivables in note 10.

On 23 August 2023, the Consolidated Entity announced the results from the drilling and testing at the BA-01 well in the Mahato PSC. The conclusion reached was that no hydrocarbons had been identified. The Mahato PSC partners will continue to identify and assess further exploration opportunities in Mahato's PB Field.

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Note 24. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023	2022
	\$'000	\$'000
Profit after income tax expense for the year	15,211	16,068
Adjustments for:		
Share-based payments	96	188
Finance costs associated with abandonment provision	1,703	259
Exploration expenses	913	-
Depreciation	94	82
Amortisation	6,005	5,415
Net gain on foreign currency conversion	879	520
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(3,918)	498
Increase in contract assets	(3,282)	(1,836)
Decrease/(increase) in inventories	56	(468)
Increase in deferred tax assets	(5,362)	(2,283)
Increase/(decrease) in trade and other payables	(721)	570
Decrease in contract liabilities	(1,271)	(810)
(Decrease)/increase in tax liabilities	1,332	551
Increase/(decrease) in deferred tax liabilities	880	(1,052)
Increase/(decrease) in provisions	38	(40)
Net cash from operating activities	<u>12,653</u>	<u>17,662</u>

Note 25. Earnings per share

	Consolidated	
	2023	2022
	\$'000	\$'000
Profit after income tax attributable to the owners of Cue Energy Resources Limited	<u>15,211</u>	<u>16,068</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	2.18	2.30
Diluted earnings per share	2.18	2.30

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Note 26. Share-based payments

During the year ended 30 June 2023, \$0.10 million in share-based payments expenses was recognised (FY 2022: \$0.19 million).

On 30 August 2022, the Company issued 3,649,298 unlisted options to eligible employee under the share option scheme. The options are exercisable at \$0.089 (8.9 cents) per option and will vest on 1 July 2025 and expire on 1 July 2027.

The options were valued using Black-Scholes option pricing model. \$0.03 million of share-based payment expense was recognised in relation to the aforementioned options for the year ended 30 June 2023.

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

30 June 2023

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
29/07/2017	01/07/2023	\$0.070	3,513,430	-	-	(39,777)	3,473,653
04/10/2019	01/07/2024	\$0.090	3,569,765	-	-	(46,750)	3,523,015
16/07/2020	01/07/2025	\$0.117	3,241,067	-	-	(36,830)	3,204,237
23/07/2021	22/07/2026	\$0.078	4,047,966	-	-	(42,167)	4,005,799
30/08/2022	01/07/2027	\$0.089	-	3,649,298	-	(50,600)	3,598,698
			14,372,228	3,649,298	-	(216,124)	17,805,402

Weighted average exercise price \$0.088 \$0.089 \$0.000 \$0.088 \$0.088

The weighted average remaining contractual life of outstanding options at 30 June 2023 is 2.56 years (30 June 2022: 2.57 years).

30 June 2022

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
29/07/2017	01/07/2023	\$0.070	3,784,025	-	-	(270,595)	3,513,430
04/10/2019	01/07/2024	\$0.090	3,853,298	-	-	(283,533)	3,569,765
16/07/2020	01/07/2025	\$0.117	3,743,260	-	-	(502,193)	3,241,067
23/07/2021	22/07/2026	\$0.078	-	4,599,003	-	(551,037)	4,047,966
			11,380,583	4,599,003	-	(1,607,358)	14,372,228

Weighted average exercise price \$0.092 \$0.078 \$0.000 \$0.091 \$0.088

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
30/08/2022	01/07/2027	\$0.070	\$0.089	58.00%	-	3.39%	\$0.032

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.

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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 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.

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Cue Energy Resources Limited
Directors' declaration
30 June 2023

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 2023 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

25 August 2023

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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 2023 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 2023;
- 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;
- Directors' Declaration.

The **Group** consists of 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 these requirements.

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Key Audit Matters

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.

This matter was 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 this matter.

Restoration provision relating to the Maari field included within provisions of \$16.8 million	
Refer to Note 12 <i>Provisions</i>	
The key audit matter	How the matter was addressed in our audit
<p>We identified the restoration provision for the Maari field as a key audit matter due to:</p> <ul style="list-style-type: none"> the estimation uncertainty relating to the updated forecast restoration cash flows, which require auditor judgement to evaluate their appropriateness; and the significant size of the restoration provision relative to the Group's financial position. <p>The Group incurs obligations to close, restore and rehabilitate its sites and associated facilities. We focused on the following key assumptions made by the Group in determining its restoration provision for the Maari field:</p> <ul style="list-style-type: none"> useful lives of assets, giving consideration to the economic reserves and resources and production profiles; the interpretation of legislative regulatory requirements governing the Group's obligations; the cost and timing of future rehabilitation costs; and discount and forecast inflation rates applied by the Group to determine the net present value of forecast cash flows for the restoration provision. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> evaluated the Group's accounting policy for the measurement of the restoration provision for consistency with regulatory requirements and the criteria in the accounting standards; assessed the design of the Group's process to determine the restoration provision. This included the review and approval by the Group of key calculation inputs including reserves and resources and future restoration costs; assessed the nature and extent of work performed by the operator'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. We assessed the consistency of timing between planned restoration activities and the Group's reserves and resources estimates and expected production profile; evaluated the scope, competency and objectivity of the operator's external experts and the scope and competency of the Group's competent person responsible for the estimation of economic reserves and resources in accordance with industry standards; used our knowledge of the Group and our industry experience to challenge the reasonability of the future restoration costs and their timing; evaluated discount and forecast inflation rates applied by the Group to determine the net present value of the restoration provision against publicly available data, including risk free rates; assessed the integrity of the provision calculation, including the accuracy of the underlying calculation formulas; assessed 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.

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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 were the Financial and Operations Review, Directors' 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 and 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 2023, 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 2023.

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

KPMG

Vicky Carlson
Partner
Melbourne
25 August 2023

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Shareholder Information

1. Distribution of equitable securities

The shareholder information set out below was applicable as at 18 September 2023:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	75	-	-	-
1,001 to 5,000	171	0.08	-	-
5,001 to 10,000	508	0.64	-	-
10,001 to 100,000	1,443	7.03	-	-
100,001 and over	297	92.25	6	100.00
	2,494	100.00	6	100.00
Holding less than a marketable parcel - Minimum \$ 500.00 parcel at \$ 0.0660 per unit.	355	0.18		

2. Registered top 20 shareholders

The registered names and holdings of the 20 largest holdings of quoted ordinary shares in the Company as at 18 September 2023:

Shareholder	Ordinary shares	
	Number held	% of total shares issued
1. NZOG OFFSHORE LIMITED	349,368,803	50.04
2. BNP PARIBAS NOMS PTY LTD UOBKH A/C R'MIERS <DRP>	116,313,660	16.66
3. PORTFOLIO SECURITIES PTY LTD	10,000,000	1.43
4. CITICORP NOMINEES PTY LIMITED	6,781,520	0.97
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,619,890	0.95
6. REVIRESCO NOMINEES PTY LTD <REVIRESCO S/F A/C>	6,000,000	0.86
7. BEIRA PTY LIMITED	5,455,114	0.78
8. ZILSTAME NOMINEES PTY LTD	5,325,915	0.76
9. MR STEPHEN ALAN MCCABE + MRS JANET BACKHOUSE	4,701,681	0.67
10. MR SEAN DENNEHY	4,350,676	0.62
11. RIUOHAKURAKI LIMITED	4,000,000	0.57
12. ANDREW MARK WILMOT SETON	3,500,000	0.50
13. MRS JANET BACKHOUSE	3,336,404	0.48
14. LAKEMBA PTY LTD	2,984,051	0.43
15. MR JOHN PHILIP DANIELS	2,978,000	0.43
16. MR STEPHEN ALAN MCCABE	2,919,717	0.42
17. GRIZZLEY HOLDINGS PTY LIMITED	2,581,946	0.37
18. BERNE NO 132 NOMINEES PTY LTD <52293 A/C>	2,500,000	0.36
19. BNP PARIBAS NOMS PTY LTD <DRP>	2,202,250	0.32
20. SHARESIES NOMINEE LIMITED <CHILD A/C>	2,026,914	0.29
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	543,946,541	77.92

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Shareholder Information

continued

3. Unquoted equity securities

The following persons hold 20% or more of unquoted equity securities as at 18 September 2023:

Name	Class	Number held
Matthew Boyall	Unquoted options	7,775,043
Balakrishnan Kunjan	Unquoted options	3,808,184

4. Substantial shareholders

Substantial holders in the company are set out below as at 18 September 2023:

	Ordinary shares	
	Number held	% of total shares issued
NZOG OFFSHORE LIMITED	349,368,803	50.04
BNP PARIBAS NOMS PTY LTD (DRP)	116,313,660	16.66

5. Vendor securities

There are no restricted securities on issue as at 18 September 2023.

6. Voting rights

At meeting of members or classes of members:

- each member entitled to vote may vote in person or by proxy, attorney or respective;
- 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
- on a poll, every person present who is a member or a proxy, attorney or representative of a member has:
 - 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;
 - 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 Tuesday 31 October 2023. 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 19 September 2023. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 19 September 2023 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.

Shareholder Information

continued

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

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Corporate Directory

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 address

cuenrg.com.au

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