ABN 45 066 383 971

29 September 2015 **PAGES (including this page): 102**

ASX Market Announcements
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Annual Report 2014/15: Full Year Accounts

Attached please find Cue Energy Resources Limited's release with respect to the above mentioned.

Yours faithfully

Andrew M Knox
Chief Financial Officer

CUE ENERGY OVERVIEW
Cue is an Australian based oil & gas company with activities in Australia, New Zealand, Indonesia and the USA.

THE COMPANY HAS:
- Long life production
- A strong balance sheet
- An active exploration program

CUE ENERGY DIRECTORS
- Paul Foley (Chairman)
- Stuart Brown
- Peter Hazledine
- Koh Ban Heng
- Brian Smith

CUE ENERGY MANAGEMENT
- David Biggs (CEO)
- Andrew Knox (CFO)
- Jeffrey Schrull (Exp Man)

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357 Collins Street
Melbourne Vic 3000

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EMAIL
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WEBSITE
www.cuenrg.com.au

LISTINGS
ASX: CUE
ADR/OTC: CUEYY

cue energy

IMPLEMENTING OUR STRATEGY

ANNUAL REPORT 2014/15

ABOUT CUE ENERGY RESOURCES

Cue Energy Resources Limited is an oil and gas exploration and production company with a focus on South East Asia, Australasia and now the United States.

Cue Energy Resources has petroleum assets in New Zealand, Indonesia, Australia and the USA. The company has continuously grown over recent years through a mix of acquisitions and discoveries.

It is Cue Energy Resources' objective to develop a robust and substantial E & P company with a focus on the SE Asia and Australasia region through:

- maximising value of existing assets
- building organisational capability
- aggressively pursuing the capture of new exploration acreages
- developing a balanced portfolio of exploration, development and production assets
- actively pursuing value accretive acquisitions

COMPANY SNAPSHOT

Ordinary Shares	698,119,720
12 Month Trading Range	7.8¢-12.8¢
Cash at 30 June 2015	$27.6 million
Debt	Nil
Avg FY15 Production	~1800 boe/day

CORPORATE DIRECTORY

Directors

Paul G. Foley (Chairman) BCA, LL.B

Stuart A. Brown B.Sc (Hons)

C. Peter Hazledine B.Sc (Hons)

Koh Ban Heng B.Sc

Brian L. Smith

Chief Executive Officer

D.A.J. Biggs LL.B

Chief Financial Officer/ Company Secretary

A.M. Knox B.Com

Co-Company Secretary

P.M. Moffatt B.Com

Registered Office

Level 19, 357 Collins Street
Melbourne Victoria 3000 Australia

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Facsimile: + 61 3 9614 2142
Website: www.cuenrg.com.au
Email: mail@cuenrg.com.au

ABN 45 066 383 971

Stock Exchange Listings

AUSTRALIA
Australian Securities Exchange Ltd
525 Collins Street
Melbourne, Victoria 3000 Australia

UNITED STATES OF AMERICA
OTC
OTC Markets
304 Hudson Street 3rd Floor
New York, NY 10013 USA

Auditor

BDO East Coast Partnership
Level 14, 140 William Street
Melbourne Victoria 3000 Australia

Bankers

ANZ Banking Group Limited
91 William Street
Melbourne Victoria 3000 Australia

National Australia Bank Limited
Level 4, 330 Collins Street
Melbourne Victoria 3000 Australia

Green Bank
2900 North Loop West
Houston TX 77092 US

PT. Bank Mandiri (Persero) Tbk
Corporate Banking V Group
Plaza Mandiri, 1st Floor
Jl. Jend. Gatot Soebroto Kav 36-38
Jakarta 12190, Indonesia

Share Registry

AUSTRALIA

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067 Australia

GPO Box 2975
Melbourne, Victoria 3000 Australia

Telephone: 1300 850 505 (within Australia)
or +61 3 9415 4000 (outside Australia)
Email: web.queries@computershare.com.au
Website: www.computershare.com.au

CONTENTS

Images courtesy of OMV and Santos

SNAPSHOT OF 2014/15

AT CUE ENERGY RESOURCES

Cue Energy has delivered a strong financial result for the year ended 30 June 2015, reporting gross profit from production, up on the previous year. The net profit result is heavily influenced by non-cash items due principally to a 60% increase in the value of the Mahakam Hilir PSC ($36.02 million) and a write down of $18.01 million on the carrying value of the Maari oil field development in New Zealand.

50%
INCREASE
GROSS PROFIT FROM PRODUCTION
▲ 2015: $23.73 million
(2014: $15.79 million)

384%
INCREASE
IN EBITDA TO $45.73 M
(2014: $9.44 million)

11%
INCREASE
PRODUCTION REVENUE
▲ 2015: $37.67 million
(2014: $34.00 million)

$40.05
MILLION
NET PROFIT AFTER TAX
(2014: Loss $2.17 million)

0.66
MILLION
BARRELS OF OIL EQUIVALENT PRODUCED

60%
ADDITIONAL
EQUITY IN MAHAKAM HILIR

$5.83
MILLION
PROFIT ON SALE OF PNG ASSETS

100
PER CENT
RESERVES REPLACEMENT RATIO

ACTIVITY OVERVIEW

Indonesia

- The Sampang PSC well workover programme in Indonesia, to increase production and extend field life, concluded in August with the Oyong-7 well brought on production, initially as an oil producer. Installation of onshore gas compression at the Grati gas plant was completed in July. This will maintain gas production from Oyong and Wortel and extend field life.
- Preparations in Indonesia continue for drilling in the Mahakam Hilir PSC with civil construction activities commenced for the Naga Selatan-2 well, which is planned to be drilled in Q4 2015.
- Planning is underway by the operator to drill 2 wells in the Mahato PSC in Indonesia in early 2016.

Australia

- Cue has identified and matured a significant Mungaroo formation gas prospect which straddles both the WA-359-P and WA-409-P permits offshore Western Australia (Cue 100% and operator). A process has been initiated to farm-out a material interest in both permits.

New Zealand

- The Maari Growth drilling campaign in New Zealand was completed with the last of 4 new wells, MR10, put on production in early July. The Ensco 107 rig was demobilised in early July and a multi well workover campaign commenced in August 2015 to further increase production.

USA

- Cue finalised the purchase of an 80% working interest in the conventional Pine Mills Woodbine oilfield in the prolific East Texas Basin, USA. Cue is operator of the field, which is currently producing ~80 bopd, and is implementing a plan to stabilise and grow production over the coming months.

OUR JOINT OPERATIONS

CUE ENERGY RESOURCES

INDONESIA

Mahakam Hilir PSC

*Cue	100%

Sampang PSC

*Santos	45%
SPC	40%
Cue[i]	15%

Mahato PSC

*Texcal	51%
Central Sumatra Energy	11.5%
Bukit Energy	25%
Cue	12.50%

AUSTRALIA

Carnarvon Basin Permits

WA-359-P

*Cue	100%

WA-360-P

*MEO**	62.5%
Cue	37.5%

WA-361-P

*MEO**	50%
Mineralogy	35%
Cue	15%

WA-389-P

*BHP Billiton	60%
Cue	40%

WA-409-P

*Cue	100%

NEW ZEALAND

Maari and Manaia Oil Fields

PMP 38160

*OMV	69%
Todd	16%
Horizon	10%
Cue	5%

PEP 51149

*Todd	80%
Cue	20%

PEP51313

*OMV	30%
Todd	35%
Horizon	21%
Cue	14%

PEP 54865

*Todd	80%
Cue	20%

UNITED STATES

Pine Mills Permit

*Cue	80%
Gale Force Petroleum	20%

Additional Information

(i) 8.181878% in the Jeruk field
* Operator
** Title held by North West Shelf Exploration Pty Ltd

OUR JOINT
OPERATIONS













CHAIRMAN'S OVERVIEW

PAUL FOLEY

I am pleased to report that your company performed well in the year to 30 June 2015, despite a difficult oil price environment for the latter half of the financial year.

Dear Shareholder,

I am pleased to report that your company performed well in the year to 30 June 2015, despite a difficult oil price environment for the latter half of the financial year.

The company reported a gross profit of $23.73 million, an increase of 50% over the prior year; and production revenue of $37.67 million, an increase of 11% over the prior year.

Cue reported a net profit after tax of $40.05 million, including adjustments to reflect an impairment of $18.01 million for Maari, a $36.02 million gain on the acquisition of Singapore Petroleum's 60% interest in the Mahakam Hilir PSC in Indonesia, a profit on the sale of our PNG assets and a foreign exchange gain.

The Maari impairment was principally due to a reserves reduction as a result of lower than expected net outcomes from the Maari Growth Project and due to a significantly lower global oil price outlook. Overall however, during the year Cue successfully replaced one hundred per cent of its production over the previous 12 months.

During the year, there were also a number of changes at a corporate level for the company.

New Zealand Oil and Gas Limited (NZOG) made an on market take-over bid for the company in February 2015 which resulted in NZOG owning 48.11% of Cue. Consequent upon NZOG's shareholding in Cue, new appointments were made to the Cue Board with the appointment of Peter Hazledine, Brian Smith and myself and the resignation of Rowena Sylvester, all in May 2015. Subsequently in July 2015, I assumed Chairmanship with the departure of Geoff King and Andrew Young from the Board and we also welcomed Koh Ban Heng as a director.

On behalf of the Board and shareholders, I thank Geoff, Andrew and Rowena for their service as directors of Cue.

The key focus for the Company in the 2015 financial year was the capture of new growth opportunities and the enhancement of our existing assets.

Consistent with the Company's onshore focus for new assets, Cue secured 100% of the Mahakam Hilir PSC onshore Kalimantan in Indonesia and a 12.5% interest in the Mahato PSC onshore Sumatra, Indonesia.

The decision to increase our interest in the Mahakam Hilir PSC was taken after the Company carried out a technical review of the prospectivity of the permit in 2014, post the drilling of the Naga Utara -2 well, and identified a shallow oil target which had not been tested by previous drilling in the PSC. A well is planned to be drilled in the permit in the fourth quarter of calendar 2015.

The Mahato PSC covers a highly prospective area onshore central Sumatra, close to several large producing oil fields. Multiple appraisal and exploration opportunities have been mapped and we expect to drill two wells in the field in the first half of calendar 2016.

Cue has also been working to maximize value from its existing producing assets – Maari and Sampang.

During the year the Maari operator undertook a development drilling programme which increased production from the field to 16,000 barrels of oil per day, although somewhat disappointingly with cost-overruns due to a range of drilling and weather factors. Well workovers currently underway are expected to further increase daily production in the 2015/16 year.

At Sampang, well workovers and the installation of compression has enabled an improvement in oil and gas production and extended field life to at least 2018.

In early June 2015, Cue purchased an 80% interest in the Pine Mills producing oil field in East Texas which was seen as a suitable opportunity to increase our net oil production and booked reserves at an acceptable cost. At acquisition, this field was producing approximately 80 barrels of oil per day and the Company is taking steps through well interventions to increase production to around 130 barrels per day. Cue is also reviewing the feasibility of undertaking a 3D survey of the field to understand the production potential of the deeper structures in the field.

The Company has recently launched the farm-out of its 100% owned WA-359-P and WA-409-P permits in the offshore Carnarvon Basin, promoting the Ironbark prospect, a large gas opportunity which straddles both permits. We recognise that we need significant partners in anything we do in this basin, both for their expertise and for their contribution to the costs of our activities. We should have an indication of market interest in the farm-out by late December 2015.

Cue's balance sheet remains robust. At the end of the financial year, Cue's cash balance was $27.6 million and the company has no debt. The Company is in a position to fund its planned activities for the next year, even in the current low oil price environment.

Your Board considers that we are likely to remain in a low oil price environment for some time, or at very least that we should plan on that basis. The resulting environment for small to mid-cap exploration and production companies is difficult but also presents opportunities, especially for companies like Cue with cash reserves and production revenue. As we have signalled, Cue is undertaking a review of its strategy and its portfolio in light of the current market conditions and I expect to be able to update you on this work at the AGM in November.

I would like to thank both directors and staff for their efforts and support during the year and look forward to an active 2016.

Pl Foley

Paul Foley

Chairman

29 September 2015

CHIEF EXECUTIVE OFFICER'S REVIEW

DAVID BIGGS

Cue's priorities during the 2014/15 year were to capture new prospective exploration acreage, work to maximise both the value of existing exploration acreage and work to maximise the value of our producing assets.

The year was notable for considerable activity in all these areas but was significantly impacted by a dramatic reduction in the price of oil – falling from over US$100 per barrel in mid 2014 to around US$50 per barrel by mid 2015.

In this environment, Cue has been deliberately selective in its application of funds and is focusing on opportunities with near term returns, consistent with a careful and prudent management of its cash resources. Cue is also focused on managing its costs in this low oil price environment.

2014/15

Cue's share of sales production for the year from our New Zealand, Indonesian and Papua New Guinea fields was 0.66 mmboe. This was down on expectations due to the sale of the PNG producing assets in December 2014 and production interruptions at Maari due to a prolonged development drilling campaign. The Maari development drilling campaign in New Zealand was initially scheduled to be completed in 11 months, but took 18 months due to difficult drilling conditions.

The company's principal focus for its application of cash during the year was the Maari development drilling and well workovers and the installation of compression at Sampang in Indonesia. The Maari development drilling campaign comprised 4 wells which boosted total field production from ~9,000 bopd to ~16,000 barrels of oil per day (bopd). The joint venture is currently undertaking a series of well workovers which will further increase production by at least another 2,000 bopd.

At Sampang, the joint venture carried out a programme of well interventions at the Oyong field and installed compression for the Wortel field, both of which will maintain and enhance production until at least 2018. We also received a significant increase in the price of gas sold from Oyong from 1 July, 2015.

During the year, the company participated in one exploration well. Disappointingly the Whio- 1 well, offshore Taranaki, New Zealand, where we were free carried, was unsuccessful.

In January 2015, Cue agreed to purchase the 60% of the Mahakam Hilir PSC that it did not own from its joint venture partner, Singapore Petroleum. The deep wells drilled in the PSC by the joint venture during 2012-14 encountered sub-commercial hydrocarbon shows, and Cue undertook a complete review of the prospectivity of the PSC and identified a number of shallow oil targets. The presence of these targets influenced Cue to remain in the PSC and to acquire a 100% interest. We expect to commence drilling operations at Naga Selatan – 2 in December 2015.

Cue also acquired a 12.5% interest in the Mahato PSC onshore Sumatra in Indonesia. The PSC sits close to several large producing oil fields and a seismic programme has been undertaken to establish optimum locations for two wells to be drilled in 2016. The PSC comprises a large area with multiple, independent oil targets.

During the year, Cue also undertook a review of its position in its three PNG permits - PRL14, PRL9 and PDL3. Considering the small interests held in some of these permits and the upcoming commitments in others, a decision was taken to sell Cue's position. This transaction closed in December 2014 and Cue took a profit on sale of $5.83 million and avoided $14 million in future obligations in the permits.

In June 2015, Cue finalised an agreement to purchase an 80% working interest in a conventional Woodbine oil field in the prolific East Texas Basin. Cue now operates the field, which on acquisition was producing ~80 bopd, and is implementing a plan to stabilise and grow production to ~130 bopd in the coming months.

As previously foreshadowed, we also received substantial insurance recoveries during the year and post 2014/15 year end in respect of the repairs to the Maari mooring system and swivel which were undertaken in late 2013.

It is rare that a company can replace its production in a year. Cue has managed to replace 100% of its 2014/15 production, despite a reserves reduction at Maari and sale of the SE Gobe oilfield, due to reserves improvements at Sampang and Pine Mills.

2015/16

As a result of the development activities at Maari and Sampang, and barring any production interruptions, Cue can look forward to strong production for 2015/16.

With the ongoing well workovers at Maari, production should increase post financial year end to over 16,000 bopd. The well workovers and the installation of compression at Sampang has already enabled the maintenance of gas production and the extension of field life until at least 2018.

We plan to increase daily oil production at Pine Mills by 60% with a series of well interventions and we are looking at the feasibility of conducting a 3D seismic survey to identify deeper oil targets.

In New Zealand, Cue is a 20% participant in the planned Te Kiri well onshore Taranaki, which is due to commence drilling in December 2015. The Operator is planning a deviated well to intersect a potentially oil bearing objective in the Miocene and a deeper Eocene gas bearing objective.

Cue has also embarked on the farm-out of its 100% owned WA-359-P and WA-409-P permits in the offshore Carnarvon Basin, off the coast of Western Australia. The Company is reviewing two of its other permits in the area – WA-360-P and WA-361-P in order to determine the best way to manage these assets based on the results of the farm-out effort.

The Ironbark prospect in WA 359-P/WA-409-P is a world class potential gas resource. At the time of writing Cue has already received expressions of interest from established LNG players and I expect we will be able to provide a progress update in respect of the farm-out effort at the Company's upcoming annual general meeting.

In summary, the Company's focus in 2015/16 will be to execute the work programme it currently has in front of it, carefully managing its commitments and cash in a very uncertain oil price environment.

Looking briefly at our current assets:

AUSTRALIA

EXPLORATION

WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

Cue has evaluated the regional prospectivity in all of its Western Australia offshore permits and has identified an exciting new play type associated with the prolific gas-bearing Mungaroo formation. The Ironbark prospect, a Mungaroo formation prospect with multiple objectives, has been identified as the primary candidate for drilling in WA-359-P. Cue has received approval to have the Permit Year 3 well commitment suspended to allow further time to mature the prospect and plan for drilling. The well is now required to be drilled by October 2016. Cue has commenced a farm-out process to find suitable joint venture partner(s) to participate in the drilling of the well.

WA-409-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

Cue acquired 100% of WA-409-P in February 2015 and is now Operator of the permit. A 12 month extension to Permit Year 6 until April 2016 has been granted to allow further technical analysis of the Ironbark prospect which has been mapped as straddling both WA-359-P and WA-409-P. WA-409-P is included in the current farmout process with WA-359-P, with the initial well planned for WA-359-P and if successful, possible appraisal drilling in WA- 409-P.

WA-360-P

Cue Interest: 37.5%

Operator: MEO Australia Limited

The WA-360-P Joint Venture is completing the reprocessing of approximately 650 km^2 of existing 3D seismic data over the Maxwell prospect to improve imaging of the structure. There is no well commitment in the current licence term.

WA-361-P

Cue Interest: 15%

Operator: MEO Australia Limited

A work programme variation was approved to allow the Joint Venture to complete geotechnical studies ahead of deciding whether to make any commitment to drill a well. The permit expires in January 2016.

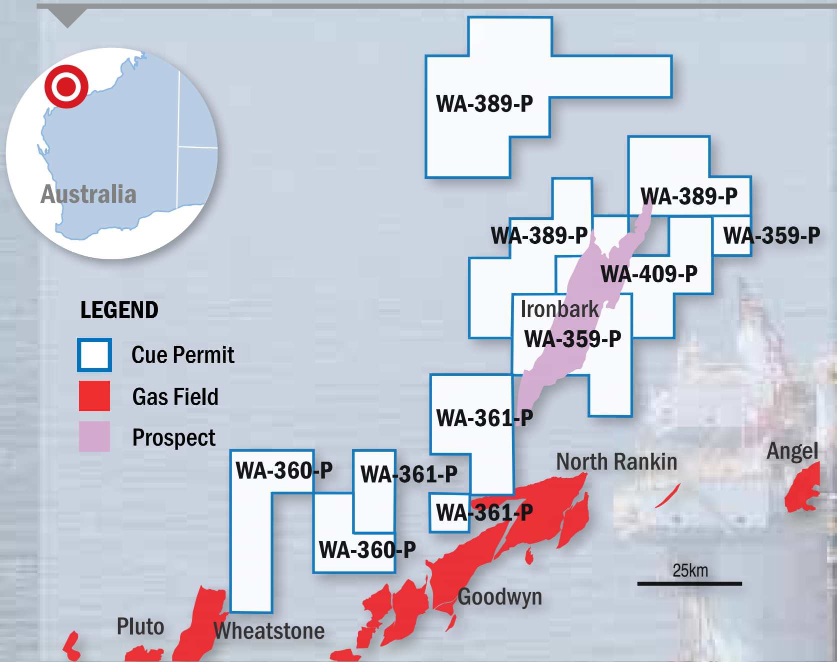
WA-389-P

Cue Interest: 40%

Operator: BHP Billiton Petroleum (Australia) Pty Ltd

Reprocessing of existing 2D and 3D seismic data is underway with results expected during 2016.

CARNARVON BASIN LOCATION MAP



NEW ZEALAND

EXPLORATION

PEP 51149

Cue Interest: 20%

Operator: Todd Exploration Limited

The Te Kiri North-1 well is planned to spud in calendar 2015. The Operator has proposed a well which will be deviated from the surface location to intersect a potentially oil-bearing objective in the Miocene-age Mount Messenger Formation and a deeper Eocene-age gas-bearing objective. Te Kiri North-1 will be drilled to test an interval interpreted by the Operator to be up-dip of hydrocarbon shows in the Te Kiri-1 well.

Cue's estimate of the mean prospective recoverable resource is 2 million boe net to Cue. Existing infrastructure nearby will facilitate early commercialisation in a success case.

PEP 54865

Cue Interest: 20%

Operator: Todd Exploration Limited

The permit carries a minimum work program of 285 km^2 of 3D seismic to be acquired, processed and interpreted prior to June 2016. The Joint Venture may elect to commit to a well before December 2016 to test Early Tertiary and Late Cretaceous reservoir objectives, or surrender the permit. Planning for the 3D seismic survey has commenced and is planned for early 2016 pending boat availability. The Joint Venture is seeking a farminee to fund the seismic programme.

PEP 51313

Cue Interest: 14% interest

Operator: OMV New Zealand Limited

The Joint Venture is focused on assessing the remaining potential associated with the Matariki trend up-dip of the Maari field. Studies are being completed by the Operator to determine the feasibility of applying seismic inversion technology to reduce the geologic risk of a potential stratigraphic prospect, Matariki.

PRODUCTION

PMP 38160

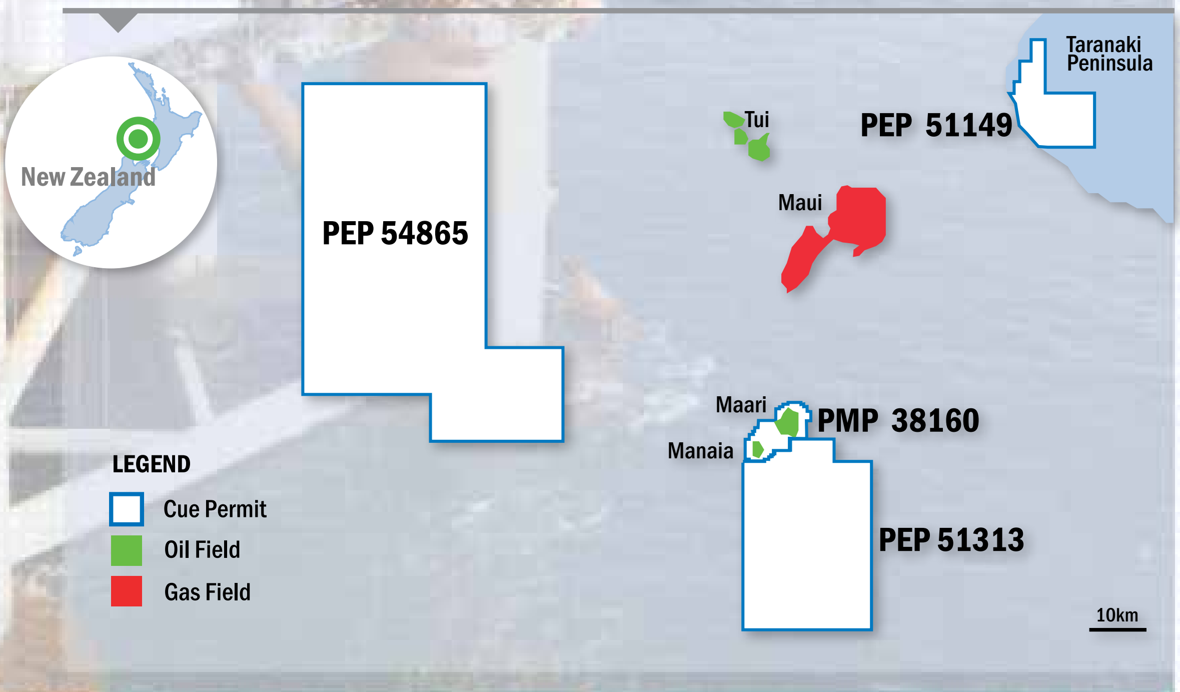
Cue Interest: 5%

Operator: OMV New Zealand Limited

Maari and Manaia Fields

The Maari development drilling programme is now complete with production at ~16,000 barrels of oil per day. Over the 18 month long project, a total of four new production wells were drilled using the Ensco 107 jack-up rig. The Joint Venture is planning to further increase the field's production rate up to 20,000 bopd with the optimisation of production and an upcoming 2015 work-over campaign which commenced in August with the workover of the MR3 well.

TARANAKI PENINSULA LOCATION MAP



INDONESIA

EXPLORATION

Mahakam Hilir PSC - Kutei Basin

Cue Interest: 100%

Operator: Cue Kalimantan Pte Ltd

Cue now holds a 100% interest in, and is the Operator of, the Mahakam Hilir PSC in the prolific Kutei Basin onshore Kalimantan.

Extensive field mapping in the block has helped identify a final location for the Naga Selatan-2 well. Field geologists have identified several active oil seeps during their work and this critical information has been used in updating the structural interpretation of the prospect and selecting an initial drill location.

Naga Selatan 2 well planning is progressing, with the contract signed for the construction of the drilling pad and access roads and tenders received for the drilling rig. The well is planned to be drilled in December 2015.

This oil prospect lies along trend from the large Sei Nangka and Pelarang Selatan oil fields. The prospect has multiple shallow targets, located at depths down to 3000' TVD. Additional exploration objectives have also been identified on the existing seismic data.

Mahato PSC - Central Sumatra Basin

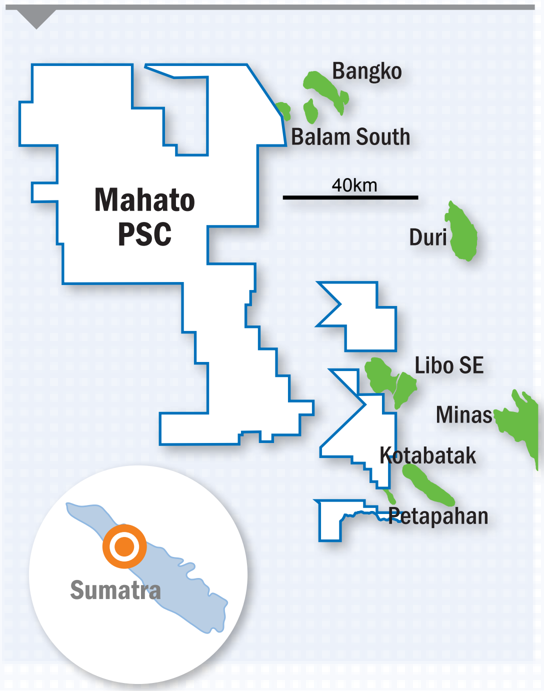
Cue Interest: 12.5%

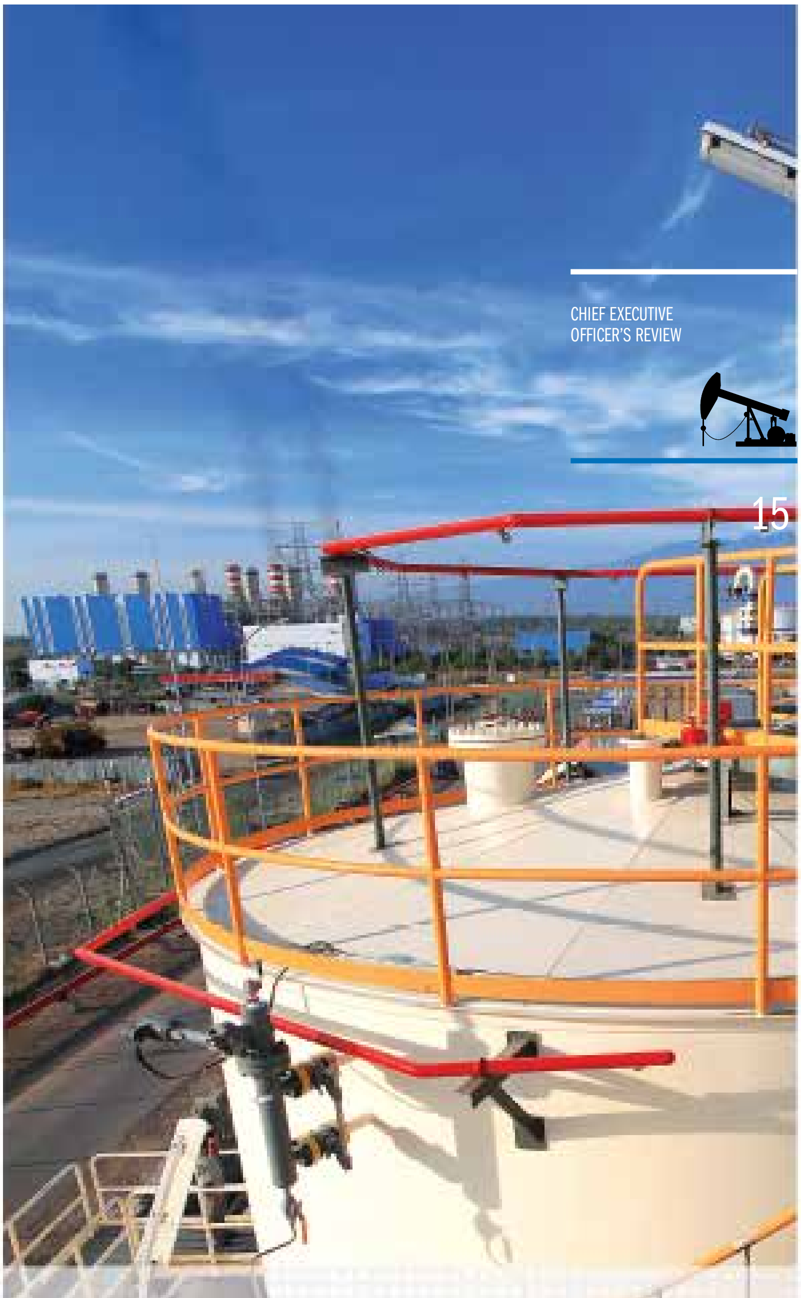
Operator: Texcal Mahato Ltd

The Mahato PSC covers a highly prospective area, close to several large producing oil fields. Multiple appraisal and exploration opportunities have been mapped and 2 wells are currently planned for early 2016. A seismic programme, in addition to the recently completed seismic programme to identify well locations, will be undertaken in late 2015 to high grade further exploration targets.

MAHAKAM HILIR PSC LOCATION MAP

MAHATO PSC LOCATION MAP





PRODUCTION

Sampang PSC - Madura Strait

Cue Interest: 15%

Operator: Santos (Sampang) Pty Ltd

Oyong Field

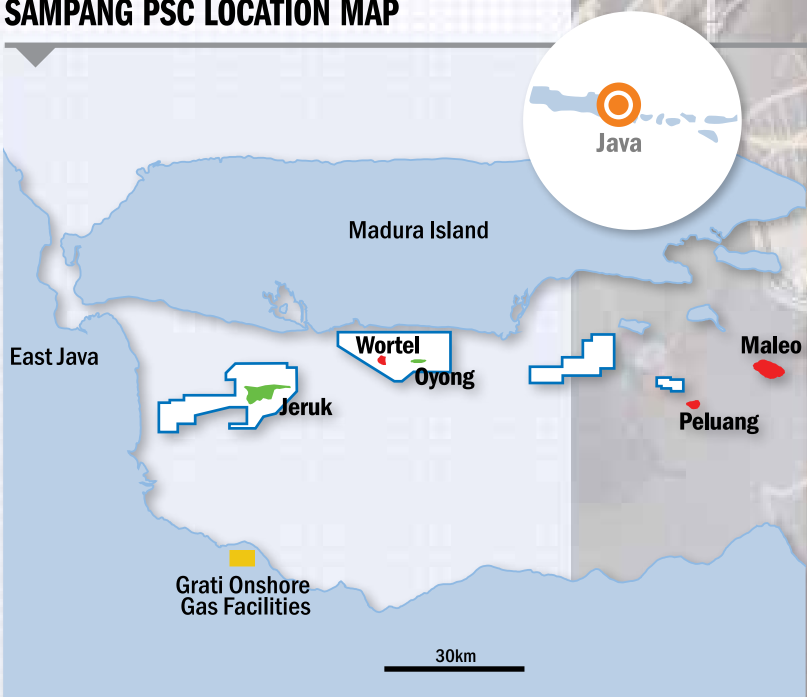
A significant gas price increase has been negotiated with the existing buyer with effect from 1 July 2015.

A programme of well interventions was finalised with the completion of Oyong -7 in August, 2015. The Operator is also finalising a permit wide assessment of the exploration potential in Sampang.

Wortel Field

The installation of compression at the Grati gas plant was completed in July 2015 and will ensure that the Wortel project will continue to meet its gas sales contract volumes and extend the life of the field until at least 2018.

SAMPANG PSC LOCATION MAP



CHIEF EXECUTIVE OFFICER'S REVIEW (CONT')

UNITED STATES OF AMERICA

PRODUCTION

Pine Mills – East Texas

Cue Interest: 80%

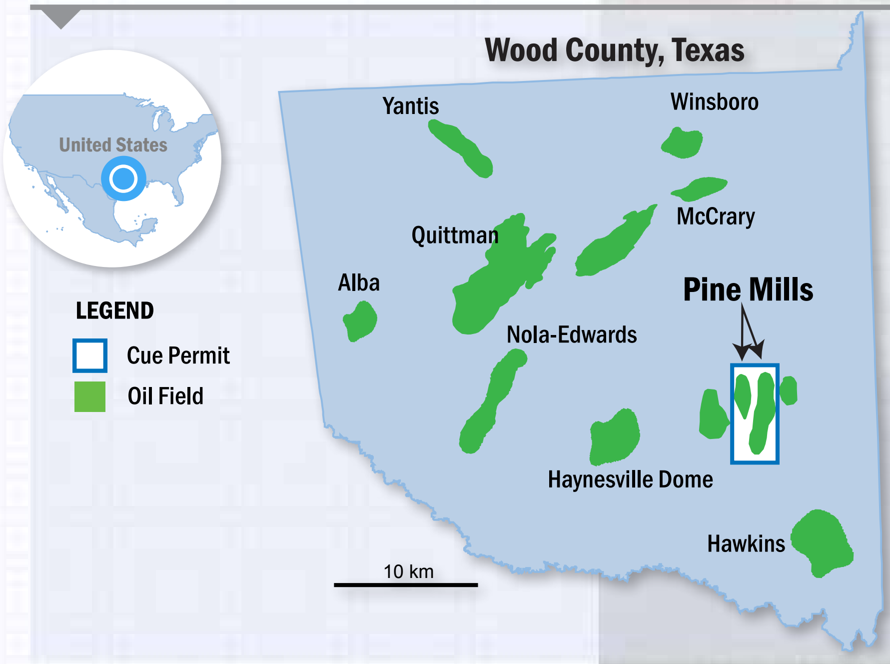
Operator: Cue Resources, Inc

On the 5 June 2015, Cue finalised an agreement to purchase an 80% working interest in a conventional Woodbine oilfield in the prolific East Texas Basin. Cue now operates the field which is producing ~80 bopd (100%) and is implementing a plan to stabilise and grow production over the coming months.

David Biggs
Chief Executive Officer

29 September 2015

PINE MILLS LOCATION MAP



RESERVES AND RESOURCES

ANNUAL RESERVES AND RESOURCES SUMMARY

NET TO CUE ENERGY RESOURCES LIMITED AS AT 30 June 2015

RESERVES		PROVED (1P)				PROVED AND PROBABLE (2P)			
		DEVELOPED		UNDEVELOPED		DEVELOPED		UNDEVELOPED	
FIELD (LICENCE)	CUE INTEREST	OIL AND CONDEN-SATE	GAS	OIL AND CONDEN-SATE	GAS	OIL AND CONDEN-SATE	GAS	OIL AND CONDEN-SATE	GAS
		MMBBL	BSCF	MMBBL	BSCF	MMBBL	BSCF	MMBBL	BSCF
INDONESIA									
Oyong [1,2] (Sampang PSC)	15%	0.002	0.699	-	-	0.068	2.784	-	-
Wortel [1,5] (Sampang PSC)	15%	0.005	5.188	-	-	0.005	5.188	0.003	3.253
NEW ZEALAND									
Maari [4] (PMP 38160)	5%	0.885	-	0.035	-	1.397	-	0.343	-
US									
Pine Mills [3] (TX)	80%	0.566	-	-	-	0.702	-	-	-
Total Reserves		**1.458**	**5.887**	**0.035**	**-**	**2.172**	**7.972**	**0.346**	**3.253**

CONTINGENT RESOURCES		BEST ESTIMATE (2C)	
FIELD (LICENCE)	CUE INTEREST	OIL AND CONDENSATE	GAS
		MMBBL	BSCF
INDONESIA			
Jeruk (Sampang PSC)	8.18%	1.244	-
NEW ZEALAND			
Maari [4] (PMP 38160)	5%	0.460	-
Total Contingent Resources		**1.704**	**-**

NOTE:

(1) CUE reserves are net of Indonesian government share of production.

(2) Estimates of in-place and recoverable gas volumes include both free gas and solution gas.

(3) Pine Mills reserves are CUE's net entitlement and it has been reviewed by Christian Snyder, CUE Resources Inc. in July 2015.

(4) Maari/Manaia fields' reserves is based on an independent technical review conducted by RISC. Economic cut-off being applied at 30/06/2024 (1P) and 31/03/2032 (2P) based on RISC's technical recoverable quantities, CUE's OPEX and Oil future forward price assumptions.

(5) Wortel field reserves has been reviewed by CUE Energy Resources Ltd. in July 2015.

(6) SE Gobe (PNG) asset has been divested on 20 Nov 2014.

(7) Reserves Replacement Ratio (RRR) is calculated as the change in 2P reserves divided by the total production in the same period.

(8) Some minor rounding errors are present.

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 2007 (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.

To ensure the integrity and reliability of data used in the reserves estimation process, the reserves and production data is reviewed and quality controlled by senior professional reservoir and geological staff at CUE. During each petroleum reserves review, this data is updated, analysed and reconciled against the previous year's data. CUE has engaged the services of RISC to independently assess the Maari reserves.

CUE reviews and updates its oil reserves position on an annual basis and reports the updated estimates as of 30 June each year. CUE reviews and updates its gas reserves position as frequently as required by the magnitude of the petroleum reserves and changes indicated by new data.

QUALIFIED PETROLEUM RESERVES AND RESOURCES EVALUATOR STATEMENT

The reserves and contingent resource report as at 30 June 2015 was prepared in accordance with the SPE-PRMS. This reserve and resource information contained in this summary is based on and fairly represents information and supporting documentation prepared by, or under the supervision of Aung Moe (Senior Petroleum Engineer) who is a full time employee of the Company. Mr Moe is a is a member of SPE and his qualifications include a Master degree in Petroleum Engineering and has over 16 years of experience in the Oil & Gas industry and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX oil and gas listing rules.

Pine Mills Reserves review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines by Mr. Christian Snyder (Field Engineer) who is contracted by CUE Resources Inc. Mr. Snyder holds a Bachelor's Degree in Petroleum Engineering from Texas A&M University and has over 19 years of experience in the Oil & Gas industry and is a member of the Society of Petroleum Engineers. Mr. Snyder is a qualified person as defined in the ASX Listing Rule 5.41.

RISC CONSENTS

Information on the Reserves and Contingent Resources in this release relating to the Maari/ Manaia fields is based on an independent review conducted by RISC Operations Pty. Ltd (RISC) and fairly represents the information and supporting documentation reviewed. The review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Geoffrey J Barker, a Partner of RISC, a leading independent petroleum advisory firm.

Mr. Barker is a member of SPE and his qualifications include a Master of Engineering Science (Petroleum Engineering) from Sydney University. Mr Barker has more than 30 years of global experience in the upstream hydrocarbon industry and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX oil and gas listing rules. Mr Barker consents to the inclusion of this information in this report.

SUMMARY OF MOVEMENTS IN RESERVES AND RESOURCES

TABLE 1: Oil and Condensate Reserves and Resources Reconciliation with 31 December 2013

Proved Oil and Condensate Reserves (MMbbls)

FIELD (LICENCE)	CUE INTEREST	END 2013 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2015 RESERVES
INDONESIA						
Oyong [1][2] (Sampang PSC)	15%	0.006	(0.093)	0.089	-	0.002
Wortel [1][5] (Sampang PSC)	15%	0.007	(0.003)	0.001	-	0.005
NEW ZEALAND						
Maari [4] (PMP 38160)	5%	1.009	(0.234)	0.145	-	0.920
US						
Pine Mills [3] (TX)	80%	-	-	-	0.566	0.566
PNG						
SE Gobe [6] (PDL 3)	3.286%	0.029	(0.015)	-	(0.014)	-
Total Proved Oil and Condensate Reserves		**1.051**	**(0.345)**	**0.235**	**0.552**	**1.493**

Proved & Probable Oil and Condensate Reserves (MMbbls)

FIELD (LICENCE)	CUE INTEREST	END 2013 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2015 RESERVES
INDONESIA						
Oyong [1][2] (Sampang PSC)	15%	0.034	(0.093)	0.128	-	0.068
Wortel [1][5] (Sampang PSC)	15%	0.010	(0.003)	0.002	-	0.008
NEW ZEALAND						
Maari [4] (PMP 38160)	5%	2.344	(0.234)	(0.370)	-	1.740
US						
Pine Mills [3] (TX)	80%	-	-	-	0.702	0.702
PNG						
SE Gobe [6] (PDL 3)	3.286%	0.045	(0.015)	-	(0.030)	-
Total Proved & Probable Oil and Condensate Reserves		**2.431**	**(0.345)**	**(0.241)**	**0.672**	**2.518**

2C Contingent Oil and Condensate Resources (MMbbls)

FIELD (LICENCE)	CUE INTEREST	END 2013 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2015 RESERVES
INDONESIA						
Jeruk (Sampang PSC)	8.18%	1.244	-	-	-	1.244
NEW ZEALAND						
Maari [4] (PMP 38160)	5%	-	-	0.460	-	0.460
Total Contingent Oil and Condensate Resources		**1.244**	**-**	**0.460**	**-**	**1.704**

TABLE 2: Gas Reserves and Resources Reconciliation with 31 December 2013

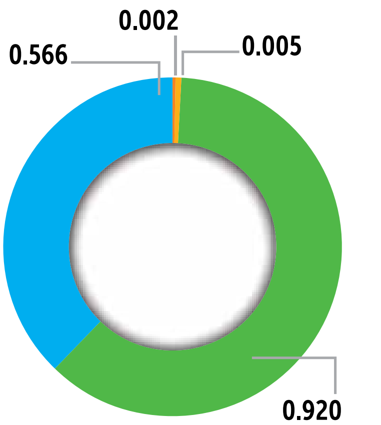
Proved Gas Reserves (BCF)

FIELD (LICENCE)	CUE INTEREST	END 2013 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2015 RESERVES
INDONESIA						
Oyong [1] [2] (Sampang PSC)	15%	0.673	(1.515)	1.540	-	0.699
Wortel [1][5] (Sampang PSC)	15%	4.490	(2.986)	3.684	-	5.188
NEW ZEALAND						
Maari [4] (PMP 38160)	5%	-	-	-	-	-
US						
Pine Mills [3] (TX)	80%	-	-	-	-	-
PNG						
SE Gobe [6] (PDL 3)	2.606%	3.760	-	-	(3.760)	-
Total Proved Gas Reserves		**8.924**	**(4.501)**	**5.224**	**(3.760)**	**5.887**

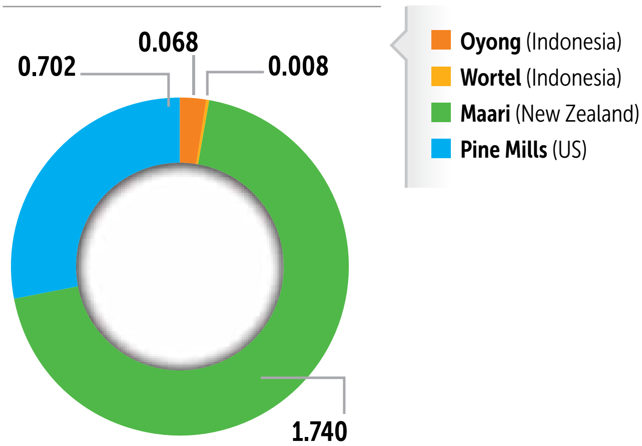
Proved & Probable Gas Reserves (BCF)

FIELD (LICENCE)	CUE INTEREST	END 2013 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2015 RESERVES
INDONESIA						
Oyong [1] [2] (Sampang PSC)	15%	2.825	(1.515)	1.474	-	2.784
Wortel [1][5] (Sampang PSC)	15%	5.940	(2.986)	5.487	-	8.441
NEW ZEALAND						
Maari [4] (PMP 38160)	5%	-	-	-	-	-
US						
Pine Mills [3] (TX)	80%	-	-	-	-	-
PNG						
SE Gobe [6] (PDL 3)	2.606%	4.584	-	-	(4.584)	-
Total Proved & Probable Gas Reserves		**13.349**	**(4.501)**	**6.961**	**(4.584)**	**11.225**

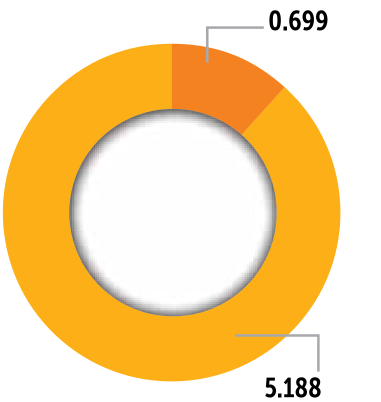
PROVED (1P)
Oil and Condensate Reserves (MMbbls)



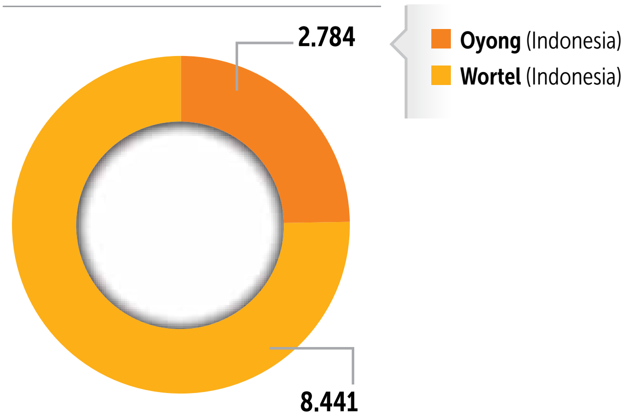
PROVED & PROBABLE (2P)
Oil and Condensate Reserves (MMbbls)



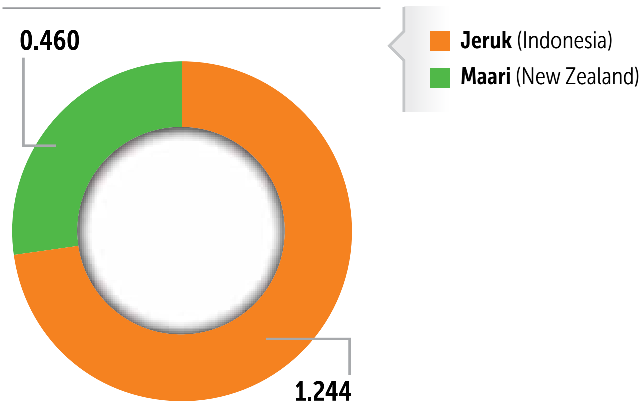
PROVED (1P)
Gas Reserves (BSCF)



PROVED & PROBABLE (2P)
Gas Reserves (BSCF)



2C CONTINGENT
Oil and Condensate Resources(MMbbls)



CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Directors of Cue Energy Resources Limited recognise the need for high standards of corporate governance and are focused on fulfilling their responsibilities individually and as a Board to all of the Company's stakeholders.

In addition to the information contained in this statement, the Company's website (www.cuenrg.com.au) contains a dedicated corporate governance section which includes copies of the key corporate governance policies adopted by the Company.

The Company endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (with 2010 amendments) ("ASX Principles").

Unless otherwise disclosed, the Company has in place corporate governance practices which comply with the ASX Principles.

The following statement outlines the practices adopted by the Company.

ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

In March 2014, the Australian Stock Exchange (**ASX**) Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations (**Recommendations**). The Company has chosen to adopt the third edition of the Recommendations. Throughout the year, Cue continued the corporate governance practices disclosed in our 2014 Corporate Governance Statement (which complied with the second edition of the Recommendations) and, where appropriate, updated its arrangements and reporting to reflect the new Recommendations.

Principle 1: Laying solid foundations for management and oversight

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The role of the Board is to lead and oversee the management and direction of the Company.

After appropriate consultation with Executive Management, the Board:

- defines and sets the Company's strategic direction and business objectives and subsequently monitors performance and achievement of those objectives;
- oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes, review of Executive management remuneration practices and insurance needs of the Company;
- monitors financial performance and approves budgets; and
- reports to shareholders.

The Board has delegated authority for the running of the day to day business to the CEO.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The performance of senior executives is reviewed annually as part of the duties performed by the Remuneration and Nomination Committee. Performance measures and targets for the Company and individual personnel are established annually. Company and individual performance in achieving these targets is assessed by the Board and line management.

Recommendation 1.4 Company Secretary.

The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretaries, Andrew Knox and Pauline Moffatt, are accountable directly to the Board (through the Chairman) on all matters to do with the proper functioning of the Board.

Details of the Company Secretaries are set out in the Annual Report.

Principle 2: Structure the Board to add value

Recommendation 2.1: A majority of the board should be independent directors.

Recommendation 2.2: The Chair should be an independent director.

Recommendation 2.3: The role of the Chairman and the CEO should not be exercised by the same individual.

The current Board is made up of 5 independent non-executive Directors. The Chairman is non-executive and independent

- Paul G. Foley (Chairman)
- Stuart A. Brown
- C. Peter Hazledine
- Koh Ban Heng
- Brian L. Smith

The Board comprises a broad base of industry, business, technical, administrative, corporate skills and experience considered necessary to represent the shareholders and fulfil the business objectives of the Company. The details of background, experience and professional skills of each Director are set out on the Company's website and on pages 32 to 33 of this report.

Each of the Directors is entitled to seek independent advice at the Company's expense to assist them to carrying out their responsibilities.

The Board reviews, at least annually, the composition of the Board to determine if additional core strengths are required to be added in light of the nature of the Company's businesses and its objectives.

One third of the Directors retires annually and is free to seek re-election by shareholders.

Recommendation 2.4: The board should establish a nomination committee.

The Board has established a Remuneration and Nomination Committee charter. The charter outlines the responsibilities of the committee, and is available on the Company's website.

The committee is comprised of:

- Stuart A. Brown (Chairman)
- C. Peter Hazledine

Andrew Young was also Chairman of this committee whilst a Director of the Company.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board is responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The Board may engage an independent recruitment firm to undertake a search for suitable candidates.

Cue undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

The Remuneration and Nomination Committee have delegated responsibility to the chairman of the Board to undertake annual performance evaluations. The performance evaluations are designed to review the board's performance and effectiveness of achieving its set objectives and targets. There are no written agreements with Directors, however the Chairman discusses with each Director their requirements, performance and aspects of involvement in the Company. The Remuneration and Nomination Committee is also responsible for the performance evaluations of the senior executives, individually and together. This is reviewed against the discussed and agreed objectives of the Company and their effectiveness in carrying out those objectives.

Recommendation 2.6: Company induction and professional development of directors.

The Company has a program for the induction of new Directors. This induction covers all aspects of the Company's operations so as to ensure that new Directors are able to fulfil their responsibilities and contribute to Board decisions.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of the individuals for reporting and investigating reports of unethical practices.

The Company has established a code of conduct which recognises the Company's commitment to business and corporate ethics and recognition of the interests of shareholders. Directors, senior management, employees and where relevant and to the extent possible, contractors of the Company are required to comply with the code of conduct.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Directors are required to make disclosure of any share trading. The Company's policy in relation to share trading is that officers, employees and contractors are prohibited from trading whilst in possession of unpublished price sensitive information concerning the Company. That is information which a reasonable person would expect to have a material effect on the value of the Company's shares. An officer must discuss the proposal to acquire or sell shares with the Chairman prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must also be notified to the Company Secretary who makes disclosure to the ASX.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives in achieving them.

The Company established a formal policy on diversity in June 2012. This policy supports the existing equal opportunity policy and non discrimination policy as well as states a commitment to improving gender diversity within the Company. The Remuneration and Nomination Committee has adopted the policy and set annual objectives for achieving gender diversity.

Recommendation 3.3: Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

The measurable objectives set by the Board for achieving gender diversity include:

- adopting a Company wide Diversity policy
- disclosing the policy in the corporate governance section on the Company's website; and
- tracking and reporting on the percentages of women employed by the Company as a whole, in senior management positions and on the Board.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior management and women on the board.

As at 30 June 2015 the proportion of women in the whole organisation is 5 out of 14 (36%), the proportion of women in senior executive positions is 0 of 3 (0%) and proportion of women on the Board is 0 (0%).

Principle 4: Safeguarding integrity in financial reporting

Recommendation 4.1: The board should establish an audit committee.

Recommendation 4.2: The audit committee should be structured so that it consists only of non-executive directors, a majority of independent directors, is chaired by an independent chair who is not the chair of the board, and has at least two members.

Recommendation 4.3: The audit committee should have a formal charter.

An Audit and Risk Committee and charter have been established. The charter is available on the Company's website.

The Board has established an Audit and Risk Committee. It consists of two independent non-executive members. Two members is thought appropriate for the size of the Company. The chair is independent and not the Chairman of the overall Board.

The Committee consists of:

- Brian L. Smith (Chairman)
- Koh Ban Heng

Rowena Sylvester was also chairman of this committee whilst a Director of the Company. Geoffrey King was also a member of this committee whilst a Director of the Company.

The primary role of the Audit and Risk Committee is to assist the Board to fulfil its corporate governance responsibilities relating to financial accounting practises, external financial reporting, financial risk management and internal control, the internal and external audit function, compliance with laws and regulations relating to these areas of responsibility and identification and development of strategies and actions to manage business risk.

Recommendation 4.4: External auditors

The Board ensures that a representative of the external auditor of the Company attends the AGM to allow shareholders to ask the external auditor any questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with the ASX listing rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has in place an ASX Compliance procedure which outlines the requirements to comply with the ASX listing rules disclosure requirements and to ensure accountability at the senior executive level for that compliance.

The Public Officer, Company Secretary and Chief Financial Officer, A.M Knox, has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, secondary exchanges, the media and the public.

Principle 6: Respect the rights of shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company has established a Communications Policy for promoting effective communication with shareholders and encouraging their participation at general meetings.

The Company maintains a website which is kept up to date with all relevant announcements to the market and related information after release to the ASX. The web address is www.cuenrg.com.au.

A copy of the communications policy is available on the Company's website.

Principle 7: Recognise and manage risk

Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Risk recognition and management are viewed by the Company as integral to the Company's objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The Board is responsible for the overall risk management framework and has delegated to the Audit and Risk Committee the responsibility for:

- reviewing the adequacy and effectiveness of CUE's risk management framework; and
- assisting the Board with regards to oversight of CUE's risk management by gaining assurance that all major identified risks are being adequately managed and that mitigation practices are appropriate.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit and Risk Committee on:

- the risk management and internal control system during the year; and
- the Company's management of its material business risks.

The Company does not have an internal audit function. Management of the Company annually perform an assessment of Company's risks and identify measures to reduce the risk levels to as low as possible. A risk register for the Company is maintained to document the risks identified. Risk is reviewed as part of the Board meetings. A risk assessment procedure is used to assess all risks when the Company is contemplating a new business venture. Should the risk profile of the Company change, the risk register will be updated to reflect this accordingly and any further controls required will be implemented.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The CEO and CFO state in writing to the Board every financial year that the statements made by them regarding the integrity of the financial statements are founded on a sound system of risk management, internal compliance and control, which in all material respects implements the policy as adopted by the Board and that the risk management and internal compliance control to the extent that they relate to financial reporting are operating effectively and efficiently in all material respects.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1: The board should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least two members.

The Board has established a Remuneration and Nomination Committee. It consists of two independent non-executive members. Two members is thought appropriate for the size of the Company. The chair is independent and not the Chairman of the overall Board.

The committee consists of:

- Stuart A. Brown (Chairman)
- C. Peter Hazledine

Andrew Young was also chairman of this committee whilst a Director of the Company.

The Remuneration and Nomination Committee makes recommendations to the full Board on remuneration packages and other terms and conditions of employment and reviews the composition of the Board having regard to the Company's present and future needs.

Remuneration and other terms and conditions of employment are reviewed annually by the committee having regard to the performance and relevant comparative data. As well as a base salary, remuneration packages include superannuation, termination entitlements, fringe benefits, annual cash bonuses linked to short term performance and shares and options linked to long term Company's performance.

Remuneration packages are set at levels that are intended to attract and retain high calibre staff and align the interest of the executives with those of the Company shareholders.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.

Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

Further information on Directors and Executives remuneration is set out in the Directors' Report and Remuneration Report on pages 39 to 46 of this report.

The Remuneration and Nomination Committee Charter is available on the Company's website.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS CHECKLIST

The following table cross-references the ASXCGC Recommendations to the relevant sections of the Corporate Governance Statement, the Directors' Report and the Remuneration Report.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS		REFERENCE	COMPLY
PRINCIPAL 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.		✔
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	2.5	✔
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	2.5	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.		✔
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	3.2, 3.3 N/A	✔
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	2.5	✔
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	1.2	✔

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose; (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	2.4	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Directors' Report	✔
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Directors' Report	✔
2.4	A majority of the board of a listed entity should be independent directors.	2.3	✔
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	2.3	✔
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		✔
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	3.1	✔

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose; (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	4.3, Directors' Report	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	7.3	✔
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	4.4	✔
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	6.1	✔
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.		✔
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	6.1	✔
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	6.1	✔
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	6.1	✔

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose; (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	4.3, Directors' Report	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.		✔
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	N/A 7.2	 ✔
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	4.3,7.2, 7.3	✔

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose; (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	8.2, Directors' Report	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Remuneration Report	✔
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	N/A	

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities ("the Group" or "consolidated entity") consisting of Cue Energy Resources Limited ("the Company" or "Parent Entity") and the entities it controlled at the end of, or during, the financial year ended 30 June 2015.

DIRECTORS

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

Paul G. Foley,
Chairman (appointed 13 April 2015)

Paul Foley is a corporate lawyer and company director and in 2014 was made a Chartered Fellow of the New Zealand Institute of Directors recognising his 14+ years' experience as a listed company director. He is currently Chairman of Grosvenor Financial Services Group Limited and Chairman of the Board of Governors of Queen Margaret College in Wellington. He is also a former Director of New Zealand Oil & Gas Limited. He is currently a corporate/commercial partner at Minter Ellison Rudd Watts in Wellington. Mr Foley provides advice on strategic transactions, mergers and acquisitions, takeovers, equity capital raisings, and foreign investment approvals.

Stuart A. Brown
(appointed 24 July 2014)

Stuart Brown has a BSc (First Class) Geology (Sydney) and has held senior positions with Woodside Energy from 2002 to 2012, Shell International Exploration & Production from 1998 to 2002, Shell UK E&P from 1990 to 1998. Prior to that he held various positions with Shell in Australia, The Netherlands, Syria and Turkey.

From September 2012 he has been managing director of International Oil and Gas Strategies Pty Ltd and is currently a Non-Executive Director of Empire Oil & Gas and Non-Executive Chairman of WHL Energy Ltd.

C. Peter Hazledine
(appointed 13 April 2015)

Peter Hazledine is an advisor to the oil and gas industry operating through his own consultancy business, Hazledine Consulting Ltd. In this capacity he has provided services to Genesis Energy, Origin Energy, Contact Energy Limited, Todd Energy and New Zealand Oil and Gas. Prior to this Mr Hazledine's career includes 30 years with Shell in a number of technical and commercial roles around the world followed by a period with The Natural Gas Corporation and Vector where he had responsibility for gas and LPG businesses.

Koh Ban Heng
(appointed 29 July 2015)

Mr Koh joined Singapore Petroleum Co Ltd (SPC) in March 1974 and held several key positions in the company before being appointed CEO in August 2003. He retired as CEO on 30 June 2011 and subsequently served as Senior Advisor from 1 July 2011 until 31 December 2014. Currently Mr Koh is an independent director of Keppel Infrastructure Holdings Pte Ltd, a fully owned subsidiary of Keppel Corporation, Independent Director and Non-Executive Chairman of Keppel Infrastructure Fund Management Pte Ltd as Trustee-Manager of Keppel Infrastructure Trust which is listed on SGX and an independent director of Tipco Asphalt PLC, a listed company in Thailand. In addition, Mr Koh is the Chairman of the ASEAN Council of Petroleum (ASCOPE) National Committee of Singapore. He also serves as Advisor to the Chairman and CEO of Dialog Group Berhad of Malaysia.

Brian L. Smith
(appointed 13 April 2015)

Brian Smith is a solicitor admitted to practice in 1975 who has had more than 30 years' experience in the energy industry. Mr Smith has had experience working in private practice, government and corporate fields and was General Counsel to the Australian Gas Light Company, a listed entity, for over 17 years. He currently runs his own practice in Sydney specialising in commercial, energy and corporations law.

Geoffrey J. King (removed 29 July 2015)

Andrew A. Young (removed 29 July 2015)

Rowena A. Sylvester (resigned 10 April 2015)

MANAGEMENT

Chief Executive Officer

David A.J. Biggs

Chief Financial Officer/ Company Secretary

Andrew M. Knox

Co-Company Secretary

Pauline M. Moffatt

PRINCIPAL ACTIVITIES

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

Cue Energy Resources Limited ('Cue') is listed on the Australian Securities Exchange. The Company has an American Depositary Receipt (ADR) programme sponsored by the Bank of New York and these are traded via the OTC Market in the US.

Principal Place of Business

Level 19
357 Collins Street
Melbourne 3000
Australia

Registered Office

Level 19
357 Collins Street
Melbourne 3000
Australia

DIVIDENDS

No dividends were paid during the financial year or have been approved subsequent to the reporting date (2014: nil).

REVIEW OF OPERATIONS

Production revenue from continuing operations for the year ended 30 June 2015 was $36.93 million (2014: $32.25 million).

Production and amortisation expenses from continuing operations totalled $24.25 million for the year (2014: $25.04 million).

Profit before income tax expense for the year was $34.62 million (2014: $0.75 million). Tax benefit for the year was $5.20 million (2014: expense $2.24 million), resulting in profit after income tax benefit of $39.82 million for the year (2014: loss $1.49 million).

Profit from discontinued operations amounted to $0.23 million (2014: loss $0.68 million) resulting in profit after income tax benefit for the year of $40.05 million (2014: loss $2.17 million).

Further information on the operations and financial position of the group and its business strategies and prospects is set out in the Chairman's Overview and Chief Executive Officer's Review sections of this annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the Company:-

- sold the PNG asset portfolio
- acquired additional 60% in Mahakam Hilir PSC, Kalimantan, Indonesia
- acquired 80% interest in Pine Mills production in East Texas, USA; and
- acquired 12.5% interest in Mahato PSC, Central Sumatra, Indonesia

Apart from the above, there was no further significant change in the state of affairs of the consolidated entity.

EQUITY AND CAPITAL STRUCTURE

Total equity as at 30 June 2015 was $171.90 million (2014: $129.40 million). At the reporting date, Cue had issued share capital of $152.42 million (2014: $152.42 million). No further shares have been issued subsequent to the reporting date.

The total number of shares on issue at 30 June 2015 was 698,119,720 (2014: 698,119,720).

ENVIRONMENTAL REGULATION

Cues fully controlled operations are limited but it is pleasing to report that during the period they involved zero incidents, lossed time injuries or significant spills. Among the joint venture operations there have been a number of reportable but not major incidents that have been reported and investigated by all the relevant parties. The increased reporting is showing a growth in the reporting culture and an openness to share learnings in order to reduce risk not only within Cue Energy Resources but within the industry. Cue Energy Resources continues to monitor the progress and close out of these incidents and work with the joint operation partners and operators to improve overall health and safety and minimise any impact on the environment.

There have been a number of steps taken in order to improve Health, Safety and Environment (HSE) and to implement an HSE management system that is suitable for all countries and all levels of operations that the business may wish to be involved with. The overall aim of the system is to not only meet legislative requirements but to show a true commitment to HSE for the sake of Cue Energy Resources personnel, contractors, assets and the environment.

Throughout this year, internally the HSE management system is in effect and beginning to grow a proactive safety culture with the business in line with industry best practice. While Cue is still a relatively small business, it has in place a management system that is fit for purpose regardless of the size of the company. The system will now be able to grow with the business.

Through ongoing commitment by both senior management and staff alike, this system will move Cue Energy Resources forward and will continually improve overall Health, Safety and Environmental risk to the company. This will demonstrate that Cue Energy Resources is a leader in all its current and projected fields of expertise and will give Cue Energy Resources the ability to remain competitive, whilst managing its risks to as low as reasonably practicable.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The following activities may affect the expected results of operations:

- Drilling in Mahakam Hilir PSC, Indonesia
- Farming down WA-359-P permit, Carnarvon Basin
- Actively seeking new exploration acreage onshore Australia and Asia
- Actively seeking to acquire additional production

DIRECTORS MEETINGS, QUALIFICATIONS AND EXPERIENCE

The following table sets out the number of meetings of the Board of Directors held during the year and the number of meetings attended by each Director.

	BOARD		AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Stuart A. Brown[i]	14	13	-	-	2	2
Paul G. Foley[ii]	2	2	-	-	-	-
C. Peter Hazledine[iii]	2	2	-	-	-	-
Ban Heng Koh[iv]	-	-	-	-	-	-
Brian L. Smith[v]	2	2	-	-	-	-
Geoffrey J. King[vi]	15	15	2	2	-	-
Andrew A. Young[vii]	15	15	-	-	2	2
Rowena A. Sylvester[viii]	13	13	2	2	-	-

(i) Stuart A. Brown (appointed 24 July 2014)
(ii) Paul G. Foley (appointed 13 April 2015)
(iii) C. Peter Hazledine (appointed 13 April 2015)
(iv) Koh Ban Heng (appointed 29 July 2015)
(v) Brian L. Smith (appointed 13 April 2015)
(vi) Geoffrey J. King (removed 29 July 2015)
(vii) Andrew A. Young (removed 29 July 2015)
(viii) Rowena A. Sylvester (resigned 10 April 2015)

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

Information on directors and executives, including qualifications and experience is as follows:

DIRECTORS	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES	PARTICULARS OF INTERESTS IN SHARES OF CUE ENERGY RESOURCES LIMITED AT THE DATE OF THIS REPORT	
			DIRECT	INDIRECT
P.G. Foley	BCA, LL.B Non-Executive Chairman of Cue Energy Resources Limited[i] -Appointed 13 April 2015 Non-Executive Director of New Zealand Oil & Gas Limited[i] -Appointed July 2000 -Resigned November 2014 [iii] Chairman of Grosvenor Financial Services Limited [ii] -Appointed April 2012 Deputy Chairman of Board of the National Provident Fund [ii] -Appointed September 2012 -Resigned June 2015[iii] Chairman of Racing Integrity Unit Limited [ii] -Appointed February 2013 -Resigned January 2014[iii]	Chairman of Board of Directors	Nil	Nil
S.A. Brown	BSc Hons (First Class) Non-Executive Director of Cue Energy Resources Limited[i] -Appointed 24 July 2014 Non-Executive Director of Galicia Energy Limited[i] -Appointed February 2014 -Resigned 19 February 2015[iii] Non-Executive Director of Empire Oil & Gas NL[ii] -Appointed January 2014 Non-Executive Chairman of WHL Energy Limited[i] -Appointed December 2013	Non-Executive Director Chairman of Remuneration and Nomination Committee	Nil	Nil
C.P. Hazledine	BSc (Hons) Non-Executive Director of Cue Energy Resources Limited[i] -Appointed 13 April 2015	Non-Executive Director Member of Remuneration and Nomination Committee	Nil	Nil

DIRECTORS	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES	PARTICULARS OF INTERESTS IN SHARES OF CUE ENERGY RESOURCES LIMITED AT THE DATE OF THIS REPORT	
			DIRECT	INDIRECT
B.H. Koh	BSc (Hons) Non-Executive Director of Cue Energy Resources Limited[i] -Appointed 29 July 2015 Non-Executive Director of Tipco Asphalt Ltd PLC -Appointed 1 July 2011 Non-Executive Director of Keppel Infrastructure Holdings (KIH) Pte Ltd -Appointed 15 March 2013 Non-Executive Chairman of Keppel Infrastructure Fund Management Pte Ltd -Appointed 1 May 2015	Non-Executive Director Member of Audit and Risk Committee	Nil	Nil
B.L. Smith	Non-Executive Director of Cue Energy Resources Limited[i] -Appointed 13 April 2015	Non-Executive Director Chairman of Audit and Risk Committee	Nil	Nil
A.A. Young	BE (Chemical Engineering), MBA (Hons) Non-Executive Director of Cue Energy Resources Limited[i] -Appointed 13 December 2011 -Removed 29 July 2015[iii] Non-Executive Director of New Guinea Energy Limited[i] -Appointed 20 October 2010 -Resigned 20 May 2015[iii] Non-Executive Director of Cliq Energy Berhad[ii] -Appointed May 2012 -Resigned 31 March 2013 -Re-appointed June 2013 Non-Executive Director of National Safety Council of Australia Limited[ii] -Appointed March 2009 -Resigned July 2014[iii] Non-Executive Chairman of Real Energy Corporation Limited[ii] -Appointed 1 July 2012 -Resigned 31 March 2013[iii] Non-Executive Chairman of Galilee Energy Limited -Appointed 19 August 2013[i] -Resigned October 2013[iii]	Non-Executive Director	Nil	450,000

Information on directors and executives, including qualifications and experience is as follows:

DIRECTORS	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES	PARTICULARS OF INTERESTS IN SHARES OF CUE ENERGY RESOURCES LIMITED AT THE DATE OF THIS REPORT	
			DIRECT	INDIRECT
G.J. King	BA, LLB Non-Executive Chairman of Cue Energy Resources Limited[i] -Appointed 24 November 2011 -Removed 29 July 2015[iii] Deputy Chairman and Non-Executive Director of High Peak Royalties Limited [i] -Appointed 17 December 2008	Non-Executive Director	20,000	2,500
R.A. Sylvester	BBS Non-Executive Director of Cue Energy Resources Limited[i] -Appointed 30 May 2014 -Resigned 10 April 2015[iii] Non-Executive Director of Essential Energy[ii] -Appointed March 2002 -Resigned June 2012[iii]	Non-Executive Director	Nil	Nil

EXECUTIVES	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES		
			DIRECT	INDIRECT
D.A.J. Biggs	LLB	Chief Executive Officer	8,045	Nil
A.M. Knox	BCom, CA, CPA, FAICD	Chief Financial Officer Company Secretary	2,321,007	2,137,244
J.L. Schrull	BSc, MSc Non-Executive Director of WHL Energy Limited[i] -Appointed 17 April 2014 -Resigned 18 August 2014[iii]	Production and Exploration Manager -Appointed 18 August 2014	308,797	Nil
D.B Whittam	BSc, MSc	Exploration Manager -Appointed 18 June 2012 -Resigned 22 August 2014	Nil	Nil

(i) Refers to ASX listed directorships held over the past three years.

(ii) Refers to unlisted public company directorships held over the past three years.

(iii) As at date of ceasing to be a director or executive.

OTHER	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES		
			DIRECT	INDIRECT
P.M. Moffatt	BCom, GIA(Cert)	Co Company Secretary	114,645	Nil

No shares in subsidiary companies are held by the Directors and no remuneration or other benefits were paid or are due and payable by subsidiary companies. No share options are held in the company by Directors or Executives. Performance rights held by Executives are detailed in the Remuneration Report.

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 2015, in accordance with the Corporations Act 2001 and its regulations.

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:

P.G. Foley (Non-Executive Chairman) – appointed 13 April 2015

S.A. Brown (Non-Executive Director) – appointed 24 July 2014

C.P. Hazledine (Non-Executive Director) – appointed 13 April 2015

B.H. Koh (Non-Executive Director) – appointed 29 July 2015

B.L. Smith (Non-Executive Director) – appointed 13 April 2015

G.J. King (Non-Executive Director) – removed 29 July 2015

A.A. Young (Non-Executive Director) – removed 29 July 2015

R.A. Sylvester (Non-Executive Director) – resigned 10 April 2015

The term "Key Management Personnel" is used in this Remuneration Report to refer to the following persons:

D.A.J. Biggs (Chief Executive Officer)

A.M. Knox (Chief Financial Officer/Company Secretary)

J.L. Schrull (Production & Exploration Manager) – appointed 18 August 2014

D.B. Whittam (Exploration Manager) – resigned 22 August 2014

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

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 Remuneration and Nomination Committee which is comprised of Non-Executive Directors only.

Remuneration and other terms and conditions of employment are reviewed annually by the Remuneration and Nomination Committee 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 Remuneration and Nomination Committee, 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 compensation component inclusive of base salary, superannuation and non-monetary benefits.
- Short term incentive programme.

The Board is currently reviewing policies going forward in relation to short and long term incentives.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis, by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Director and executive team. The charter adopted by the Remuneration and Nomination Committee aims to align rewards with achievement of strategic objectives and creation of shareholder wealth.

Fixed compensation

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

The base salary is reflective of market rates for companies of similar size and industry which is reviewed annually to ensure market competitiveness. During 2015, the Remuneration and Nomination Committee reviewed the salaries paid to peer company executives in determining the salary of Cue's Key Management Personnel. This base salary is fixed remuneration and is not subject to performance of the company. Base salary is reviewed annually and adjusted as determined by the Remuneration and Nomination Committee on 1 July each year. There is no guaranteed base salary increase included in any executive's contracts.

Long term incentives

Previously the Board implemented a Performance Rights Plan. As at 30 June 2015, all Performance Rights had lapsed.

Employment contracts

Remuneration and other terms of employment for key executives D.A.J. Biggs and J.L. Schrull is formalised in service agreements. Details of the agreements are as follows:

D.A.J. Biggs	
Title:	Chief Executive Officer
Agreement commenced:	22 April 2013
Details:	Base salary of $450,000 plus statutory superannuation to be reviewed annually by the Remuneration and Nomination Committee. 6 months termination notice by either party.
J.L. Schrull	
Title:	Production and Exploration Manager
Agreement commenced:	18 August 2014
Details:	Base salary of $425,000 including superannuation to be reviewed annually by the Remuneration and Nomination Committee. 3 months termination notice by either party. Non solicitation and non- compete clauses included.

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

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

Compensation of Key Management Personnel – 2015:

2015	SHORT-TERM			POST-EMPLOYMENT			
NAME	CASH SALARY AND FEES $	CASH BONUSES $	NON MONETARY BENEFITS [i] $	LONG SERVICE LEAVE $	SUPER-ANNUATION $	TERMINATION PAYMENTS $	TOTAL $
P.G. Foley[ii]	21,703	-	-	-	-	-	21,703
S.A. Brown[iii]	87,785	-	-	-	5,965	-	93,750
C.P. Hazledine[iv]	21,703	-	-	-	-	-	21,703
B.L. Smith[v]	21,703	-	-	-	-	-	21,703
G.J. King[vi]	130,000	-	-	-	-	-	130,000
AA. Young[vii]	100,000	-	-	-	-	-	100,000
R.A. Sylvester[viii]	48,750	-	-	-	28,723	-	77,473
Total	431,644	-	-	-	34,688	-	466,332
Other Key Management Personnel							
D.A.J. Biggs	433,792	70,396	-	2,270	34,992	-	541,450
A.M. Knox	255,509	36,990	87,415	2,304	35,000	-	417,218
J. Schrull[ix]	353,802	63,750	-	2,038	16,360	-	435,950
D. B. Whittam[x]	59,759	-	-	-	35,000	105,000	199,759
Total	1,102,862	171,136	87,415	6,612	121,352	105,000	1,594,377
Total remuneration of Executives and Directors	1,534,506	171,136	87,415	6,612	156,040	105,000	2,060,709

(i) Non performance based salary sacrifice benefits, including motor vehicle expenses.
(ii) P.G. Foley appointed 13 April 2015.
(iii) S.A. Brown appointed 24 July 2014.
(iv) C.P. Hazledine appointed 13 April 2015.
(v) B.L. Smith appointed 13 April 2015.
(vi) G.J. King removed 29 July 2015.
(vii) A.A. Young removed 29 July 2015.
(viii) R.A. Sylvester resigned 10 April 2015.
(ix) J.L. Schrull appointed 18 August 2014.
(x) D.B. Whittam resigned 22 August 2014.

Compensation of Key Management Personnel – 2014:

2014	SHORT-TERM		POST-EMPLOYMENT	
NAME	CASH SALARY AND FEES $	NON MONETARY BENEFITS (i) $	SUPER-ANNUATION $	TOTAL $
G.J. King	100,000	-	-	100,000
S.A. Brown(ii)	-	-	-	-
R.A. Sylvester(iii)	8,791	-	-	8,791
A.A. Young	100,000	-	-	100,000
T.E. Dibb(iv)	83,167	-	25,000	108,167
P.D. Moore(v)	87,363	-	-	87,363
Total	379,321	-	25,000	404,321
Other Key Management Personnel				
D.A.J. Biggs	448,776	-	24,996	473,772
A.M. Knox	243,333	126,774	24,996	395,103
D.B. Whittam(vi)	415,004	-	24,996	440,000
Total	1,107,113	126,774	74,988	1,308,875
Total remuneration of Executives and Directors	1,486,434	126,774	99,988	1,713,196

(i) Non performance based salary sacrifice benefits, including motor vehicle expenses.

(ii) S.A. Brown appointed 24 July 2014.

(iii) R.A. Sylvester appointed 30 May 2014.

(iv) T.E. Dibb resigned 20 February 2014.

(v) P.D. Moore resigned 15 May 2014.

(vi) D.B. Whittam resigned 22 August 2014.

All remuneration paid to D.A.J. Biggs, J.L. Schrull, A.M. Knox and D.B. Whittam is incurred by the parent entity.

A.M. Knox is a Director of all the subsidiaries in the Group and an Executive of the parent company.

D.A.J. Biggs is a Director of Cue Resources, Inc and Buccaneer, Inc and an Alternate Director for other subsidiaries and an Executive of the parent company.

	FIXED REMUNERATION	
NAME	2015	2014
Non-Executive Directors:		
P.G. Foley	100%	-
S. A. Brown	100%	-
C.P. Hazledine	100%	-
B.L. Smith	100%	-
G.J. King	100%	100%
A.A. Young	100%	100%
R.A. Sylvester	100%	100%
P.D. Moore	-	100%
T.E. Dibb	-	100%
Other Key Management Personnel:		
D.A.J. Biggs	100%	100%
A.M. Knox	100%	100%
J. Schrull	100%	-
D.B. Whittam	100%	100%

D. EQUITY BASED REMUNERATION

Overview of Share Options and Performance Rights

Historically, the Company has granted performance rights to certain Key Management Personnel. These performance rights were granted under a Performance Rights Plan which was approved by shareholders at the Company's Annual General meeting on 24 November 2011. The Performance Rights Plan has a mechanism for providing a share based performance incentive for Key Management Personnel and to achieve alignment between Key Management Personnel and Shareholder objectives.

Performance rights were granted under the plan for no consideration, neither carry dividend or voting rights. No share options or performance rights were granted during the financial year to 30 June 2015 (refer note 24).

The Plan was designed to align the interests of executives with shareholders by providing direct participation in the benefits of future Company performance over the medium to long term.

The Board is currently reviewing policies going forward in relation to short and long term incentives.

Long term performance targets of the Company will be established every year and the future award of performance rights may be made at the Board's sole discretion.

All previously issued performance rights had lapsed as at 30 June 2014.

The following performance rights granted to Key Management Personnel of the Company lapsed during the 2014 financial year as a result of a failure to meet a vesting condition (including employment conditions):

PARTICIPANT	TRANCHE	NUMBER OF PERFORMANCE RIGHTS LAPSED	VALUE AT LAPSE DATE*
A.M. Knox	2013/2014 Plan	800,000	$96,000
D.B. Whittam	2013/2014 Plan	800,000	$96,000

* The value is determined at the date of lapsing using the closing share price on the date of lapse multiplied by the number of performance rights assuming the condition was satisfied. The performance rights lapsed due to the resignation of an employee or vesting conditions not being met.

The performance hurdles for the grant of performance rights under the Plan to participants, as described above, were classified as market-based hurdles. In determining the value of the performance rights granted to participants, a risk based statistical analysis was used that took into account, as at the grant date, the following variables and assumptions:

- Expected life of the instrument – the performance rights would expire on 30 June 2014 should they not be exercised.
- Share price of the underlying share on grant date of 14 cents.
- Expected volatility – the price volatility of the shares was approximately 45%.
- Expected dividends – there was no dividends presently expected to be paid in respect of the underlying shares.
- The risk free interest rate for the expected life of the instrument – the average risk free interest rate at grant date was 3%.

On the above basis, the implied value of the 2012/2013 performance rights at issue was 0.28 cents per right.

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 2015.

PROFIT PERFORMANCE	30 JUNE 2015 $000'S	30 JUNE 2014 $000'S	30 JUNE 2013 $000'S	30 JUNE 2012 $000'S	30 JUNE 2011 $000'S
Production Income from continuing operations	36,925	32,246	49,798	41,222	52,506
Profit/(loss) before income tax expense from continuing operations	34,622	753	8,409	13,621	25,761
Profit/(loss) after income tax expense	40,052	(2,166)	6,369	5,663	19,107
Total Key Management Personnel Remuneration	2,061	1,713	2,729	2,050	2,237

SHARE PERFORMANCE	30 JUNE 2015	30 JUNE 2014	30 JUNE 2013	30 JUNE 2012	30 JUNE 2011
Share price at start of year (cents)	12.0	11.0	18.0	26.5	25.0
Share price at end of year (cents)	7.60	12.0	11.0	18.0	26.5
Dividends (cents)	-	-	-	-	-
Basic (loss)/earnings per share (cents)	5.74	(0.31)	0.91	0.81	2.7
Diluted (loss)/earnings per share (cents)	5.74	(0.31)	0.91	0.81	2.7

The company's remuneration policy seeks to reward staff members for their contribution to adding shareholder value so there is a direct link between a portion of remuneration and financial 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 YEAR [1]	ADDITIONS	DISPOSALS/ OTHER	BALANCE AT THE END OF THE YEAR [2]
Ordinary shares				
Non-Executive Directors				
Paul D. Foley	-	-	-	-
Stuart A. Brown	-	-	-	-
C. Peter Hazledine	-	-	-	-
Brian L. Smith	-	-	-	-
Ban Heng Koh	-	-	-	-
Geoffrey J. King	22,500	-	-	22,500
Andrew A. Young	150,000	300,000	-	450,000
Rowena A. Sylvester	-	-	-	-
Other Key Management Personnel				
David A.J. Biggs	8,045	-	-	8,045
Andrew M. Knox	4,458,251	-	-	4,458,251
Jeffrey L. Schrull	-	1,433,797	(1,125,000)	308,797

Disposals represents disposal of 1,125,000 shares during the period.

[1] or date of appointment

[2] or date of resignation

This concludes the Remuneration Report which has been audited.

AUDITOR

In accordance with the provisions of the *Corporations Act 2001* the Company's auditor, BDO East Coast Partnership, continues in office.

NON-AUDIT SERVICES

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

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor as set out below, 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 by the Board to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principle relating to auditor independence as set out in the Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and reward.

AUDIT SERVICES

Amounts paid or due and payable to the auditor – BDO East Coast Partnership for:

	2015 $	2014 $
Audit or review of the financial statements	115,500	87,000
Other Services:		
Advisory Services	1,000	7,000
Tax compliance and other services	36,900	31,000
Total	153,400	125,000

INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set out on page 49.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, 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.

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 an officer or auditor of the company or any related body corporate against a liability incurred as an officer or auditor.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company has been notified by the National Offshore Petroleum Titles Administrator of the approval of its application for a suspension of the Permit Year 3 work program commitment for WA-359-P. The Year 3 work programme comprises the drilling of one exploration well which is now due by October 2016.

As a result of an economic project arrangement in the Jeruk field within the Sampang PSC, Indonesia, Cue may in certain circumstances have an obligation to make compensatory payments for monies spent by the incoming party from future profit oil within the Sampang PSC. There is a dispute between Cue and the incoming party as to the quantum of monies that they may be entitled to claim by way of such compensatory payments and when any such amount would be payable. Last year an arbitration hearing found in favour of Cue's position however the incoming party is commencing further arbitration proceedings. The Company is of the view that any amount which might eventually become payable would not be likely to exceed the amount of USD4.4 million which has been provided for in the accounts. Apart from the above, the Directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly or may significantly affect the operations of Cue Energy Resources Limited, the results of those operations or the state of affairs of the Company or Group.

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.

On behalf of the Board

Paul G. Foley
Chairman

29 September 2015

AUDITORS' INDEPENDENCE DECLARATION

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Australia

DECLARATION OF INDEPENDENCE BY ALEX SWANSSON TO THE DIRECTORS OF CUE ENERGY RESOURCES LIMITED

As lead auditor of Cue Energy Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cue Energy Resources Limited and the entities it controlled during the period.

Alex Swansson
Partner

BDO East Coast Partnership

Melbourne, 29 September 2015

DIRECTORS' DECLARATION

The directors of Cue Energy Resources Limited declare that:

(a) in the Directors' opinion the financial statements and notes and the Remuneration report in the Directors' Report set out on pages 39 to 46 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and

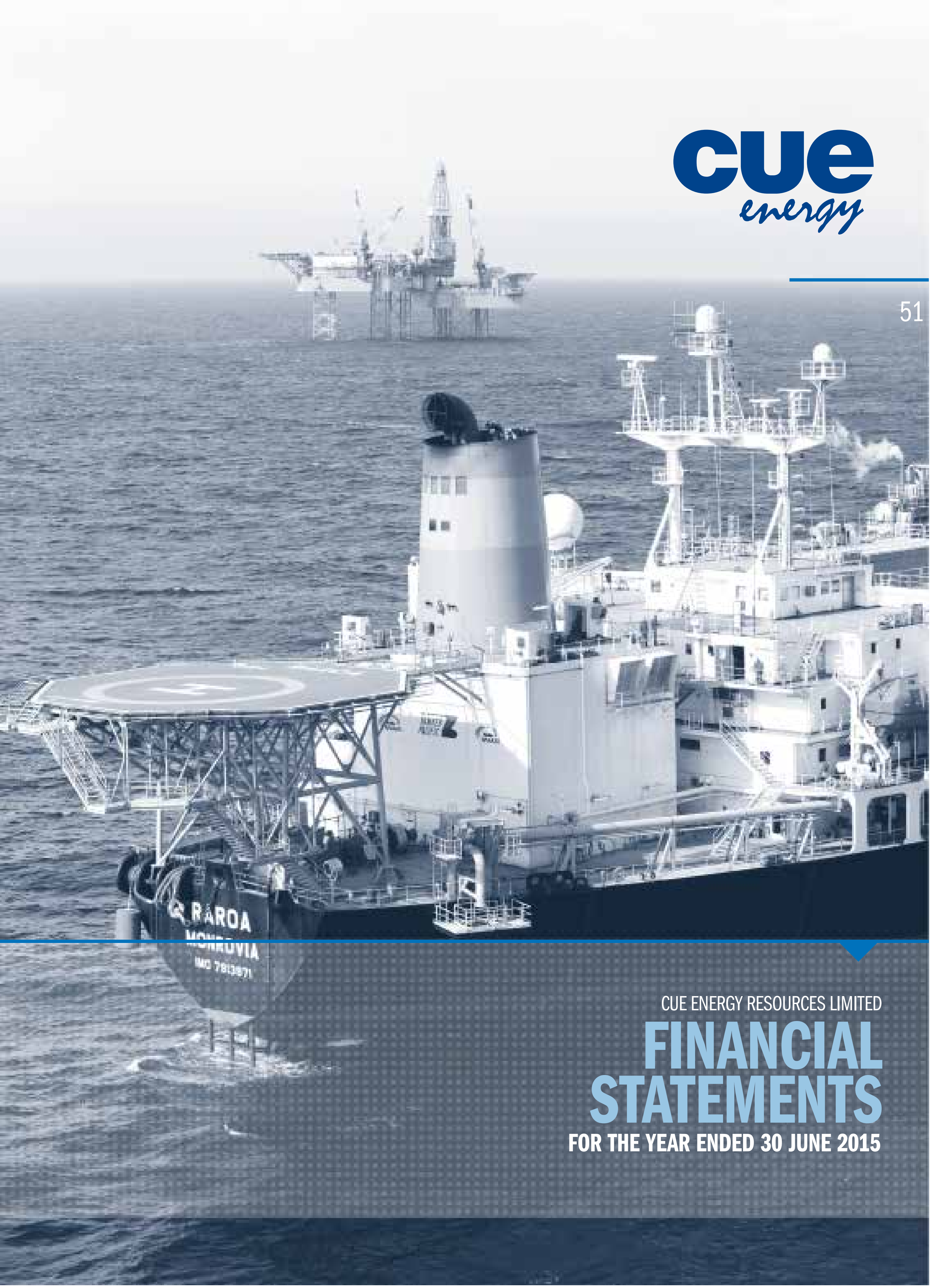
(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors.

Dated in Melbourne 29th day of September 2015

Paul G. Foley
Chairman



CUE ENERGY RESOURCES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	NOTE	2015 $000'S	2014 $000'S
Production revenue from continuing operations	3	36,925	32,246
Production costs	4	(13,425)	(15,968)
Gross profit from production		23,500	16,278
Other revenue	3	41,986	162
Loss on sale of fixed assets		-	(3)
Amortisation expense	4	(10,828)	(9,074)
Net foreign currency exchange gain	3	6,911	81
Impairment write down		(18,015)	-
Other expenses	4	(8,932)	(6,691)
Profit before income tax benefit/(expense) from continuing operations		34,622	753
Income tax benefit/(expense)	6	5,200	(2,244)
Profit/(loss) after income tax benefit/(expense) from continuing operations		39,822	(1,491)
Profit/(loss) after income tax benefit/(expense) from discontinued operations	22	230	(675)
Profit/(loss) after income tax benefit/(expense) for the year		40,052	(2,166)
Other comprehensive income			
Items that may be reclassified subsequent to profit or loss			
Foreign currency translation		2,448	-
Total comprehensive income for the year		42,500	(2,166)
Profit for the year is attributable to:			
Owners of Cue Energy Resources Limited		40,050	(2,166)
Non-controlling interest		2	-
		40,052	(2,166)
Total comprehensive income for the year is attributable to :			
Continuing operations		42,268	(1,491)
Discontinuing operations		230	(675)
Owners of Cue Energy Resources Limited		42,498	(2,166)
Continuing operations		2	-
Discontinuing operations		-	-
Non-controlling interest		2	-
		42,500	(2,166)

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT')

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	NOTE	2015 $000'S	2014 $000'S
		CENTS	CENTS
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	20	5.71	(0.21)
Diluted earnings per share	20	5.71	(0.21)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	20	0.03	(0.10)
Diluted earnings per share	20	0.03	(0.10)
Earnings per share for profit/(loss) attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	20	5.74	(0.31)
Diluted earnings per share	20	5.74	(0.31)

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	NOTES	2015 $000'S	2014 $000'S
Current Assets			
Cash and cash equivalents	26(b)	27,605	40,558
Trade and other receivables	8	4,761	3,542
Inventories	10	3,728	843
Total Current Assets		36,094	44,943
Non-Current Assets			
Property, plant and equipment	9	76	118
Deferred tax assets	6	70	71
Exploration and evaluation expenditure	12	97,058	54,069
Production properties	13	78,131	79,458
Total Non-Current Assets		175,335	133,716
Total Assets		**211,429**	**178,659**
Current Liabilities			
Trade and other payables	15	15,936	21,184
Tax liabilities	6	580	2,398
Provisions	16	584	563
Total Current Liabilities		17,100	24,145
Non-Current Liabilities			
Deferred tax liabilities	6	11,017	19,484
Provisions	16	11,409	5,627
Total Non-Current Liabilities		22,426	25,111
Total Liabilities		**39,526**	**49,256**
Net Assets		**171,903**	**129,403**
Equity			
Issued capital	7(a)	152,416	152,416
Reserves		2,448	-
Retained profits/(loss)		17,037	(23,013)
Equity attributable to the owners of Cue Energy Resources Limited		171,901	129,403
Non-controlling interest		2	-
Total Equity		**171,903**	**129,403**

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	ISSUED CAPITAL $000'S	RETAINED PROFITS $000'S	FOREIGN CURRENCY TRANSLATION RESERVE $000'S	SHARE BASED PAYMENT RESERVE $000'S	NON-CONTROLLING INTEREST $000'S	TOTAL $000'S
Balance at 1 July 2014	**152,416**	**(23,013)**	**-**	**-**	**-**	**129,403**
Profit after income tax benefit for the year	-	40,050	-	-	2	40,052
Other comprehensive income for the year, net of tax	-	-	2,448	-	-	2,448
Total comprehensive profit for the year	**-**	**40,050**	**2,448**	**-**	2	**42,500**
Balance at 30 June 2015	**152,416**	**17,037**	**2,448**	**-**	**2**	**171,903**
Balance at 1 July 2013	**152,416**	**(20,869)**	**-**	**22**	**-**	**131,569**
Loss after income tax expense for the year	-	(2,166)	-	-	-	(2,166)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**(2,166)**	**-**	**-**	**-**	**(2,166)**
Transactions with owners in their capacity as owners:						
Share based payments	-	22	-	(22)	-	-
Balance at 30 June 2014	**152,416**	**(23,013)**	**-**	**-**	**-**	**129,403**

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	NOTES	2015 $000'S	2014 $000'S
Cash Flows from Operating Activities			
Receipts from customers		35,992	35,801
Interest received		115	167
Payments to suppliers		(28,680)	(23,319)
Income tax paid		(5,159)	(6,298)
Royalties paid		(998)	(731)
Net cash provided by operating activities	26(a)	1,270	5,620
Cash Flows from Investing Activities			
Payments with respect to exploration expenditure		(13,602)	(9,666)
Payments with respect to production properties		(17,927)	(14,035)
Payments for plant and equipment		(7)	(155)
Proceeds from sale of prospects, less costs of sale		8,289	-
Net cash used in investing activities		(23,247)	(23,856)
Net cash used in financing activities		-	-
Net Decrease in Cash Held		(21,977)	(18,236)
Cash and cash equivalents at the beginning of the year		40,558	58,828
Effect of exchange rate change on foreign currency balances held at the beginning of the year		9,024	(34)
Cash and cash equivalents at the end of the year	26(b)	27,605	40,558

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cue Energy Resources Limited is a for-profit Public Company listed on the Australian Securities Exchange incorporated and domiciled in Australia. The financial report was authorised for issue by the Directors on the date the Directors' Declaration was signed.

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

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

(d) Critical accounting estimates and judgements

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

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

(i) Recovery of Deferred Tax Assets

Deferred tax assets resulting from unused tax losses have been recognised on the basis that management considers it is probable that future tax profits will be available to utilise the unused tax losses.

(ii) Impairment of Production Properties Assets

Production properties impairment testing requires an estimation of the value-in-use of the cash generating units to which deferred costs have been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Other assumptions used in the calculations which could have an impact on future years includes USD rates, available reserves and oil and gas prices.

(iii) Useful Life of Production Property Assets

As detailed at note 1 (k) production properties are amortised on a unit-of-production basis, with separate calculations being made for each resource. Estimates of reserve quantities are a critical estimate impacting amortisation of production property assets.

(iv) Estimates of Reserve Quantities

The estimated quantities of Proven and Probable hydrocarbon reserves reported by the Company are integral to the calculation of the amortisation expense relating to Production Property Assets, and to the assessment of possible impairment of these assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared in accordance with the Company's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

(v) *Joint Arrangements*

The entity is subject to a number of joint arrangements in relation to both its production properties and exploration assets. The joint arrangement agreements require unanimous consent from all parties in some instances for all relevant activities, all assets are held jointly in common and all parties are severally liable for the liabilities incurred.

These arrangements are therefore classified as Joint Operations and the consolidated entity recognises its direct rights to jointly held assets, liabilities, revenues and expenses.

(vi) *Restoration Provisions*

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.

(vii) *Legal Claim*

As a result of an economic project arrangement in the Jeruk field within the Sampang PSC, Indonesia, Cue may in certain circumstances have an obligation to reimburse certain monies spent by the incoming party from future profit oil within the Sampang PSC. There is a dispute between Cue and the incoming party as to the quantum of monies that they may be entitled to claim by way of such reimbursement and when any such reimbursement would be payable. The Company is of the view that any amount which might eventually become payable would not be likely to exceed the amount of USD4.4 million which has been provided for in the financial statements.

(e) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

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

New, revised or amending Accounting Standards and Interpretations adopted

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property,

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

(f) 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 2015 and the results of all subsidiaries for the year then ended. Cue Energy Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

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

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

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

(g) Revenue recognition

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

Sales revenue

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

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

Interest income

Interest revenue 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

Other income

Other income is recognised in profit or loss at the fair value of the consideration received or receivable, net of GST, when the significant risks and rewards of ownership have been transferred to the buyer or when the service has been performed.

The gain or loss arising on disposal of a non-current asset is included as other income at the date control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(h) Exploration and evaluation project expenditure

Costs incurred during the exploration, evaluation and development stages of specific areas of interest are accumulated. Such expenditure comprises net direct costs, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Expenditure is only carried forward as an asset where it is expected to be fully recouped through the successful development of the area, or where activities to date have not yet reached a stage to allow adequate assessment regarding existence of economically recoverable reserves, and active and significant operations in relation to the area are continuing. Ultimate recoupment of costs is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

Costs are written off as soon as an area has been abandoned or considered to be non-commercial.

No amortisation is provided in respect of projects in the exploration, evaluation and development stages until they are reclassified as production properties.

Restoration costs recognised in respect of areas of interest in the exploration and evaluation stage are carried forward as exploration, evaluation and development expenditure.

(i) Impairment

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

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

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

(j) Calculation of recoverable amount

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

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

(k) 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

Amortisation of costs is provided on the unit-of-production basis, separate calculations being made for each resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of economically recoverable reserves (comprising both proven and probable reserves), and is shown as a separate line item in profit or loss.

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.

(l) Property, plant and equipment

CLASS OF FIXED ASSET	DEPRECIATION RATE
Office and computer equipment	5-40%

Property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a diminishing value basis so as to allocate the cost of each item of equipment over its expected economic life. The economic life of equipment has due regard to physical life limitations and to present assessments of economic recovery. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items. Gains and losses on disposal of property, plant and equipment are taken into account in determining the operating results for the year.

(m) Cash and cash equivalents

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

(n) Trade and other receivables

Trade receivables due from related parties and other receivables represent the principal amounts due at the reporting date plus accrued interest and less, where applicable, any unearned income and allowance for doubtful accounts. Trade receivables are generally due for settlement within 30 days.

(o) 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.

(p) Trade and other payables

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

(q) 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.

Restoration

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

(r) 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.

(s) 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.

(t) 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. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entitles in the tax consolidated group.

Assets or liabilities arising under tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(u) Foreign currency

Functional and presentation currency

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

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.

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.

Resulting exchange differences arising on settlement or re-statement are recognised as in profit or loss for the financial year.

(v) Leases

Lease payments for operating leases where substantial risks and benefits remain with the lessor are charged as expenses in the periods in which they are incurred.

(w) 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.

(x) Rounding

The amounts contained in this financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

(y) Goods and Services tax ('GST') and other similar taxes

Revenues, expense 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.

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

2 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise receivables, payables, cash and short term deposits.

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

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

Primary responsibility for identification and control of financial risks rests with the Chief Financial Officer under the authority of the Board. The Board reviews and agrees management's assessment for managing each of the risks identified below.

The carrying amounts and net fair values of the economic entity's financial assets and liabilities at the reporting date are:

	CARRYING AMOUNT		NET FAIR VALUE	
CONSOLIDATED	2015 $000'S	2014 $000'S	2015 $000'S	2014 $000'S
Financial assets				
Cash and cash equivalents	27,605	40,558	27,605	40,558
Trade and other receivables	4,761	3,542	4,761	3,542
Non-traded financial assets	32,366	44,100	32,366	44,100
Financial liabilities				
Trade and other payables	15,936	21,184	15,936	21,184
Tax liabilities - current	580	2,398	580	2,398
Non-traded financial liabilities	16,516	23,582	16,516	23,582

Risk Exposures and Responses

(a) Fair Value Risk

The financial assets and liabilities of the Group are recognised in the statement of financial position at their fair value in accordance with the accounting policies set out in note 1. In all instances the fair value of financial amounts and liabilities approximates to their carrying value.

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Trade and other receivables

The carrying value less impairment provision of trade receivables is a reasonable approximation of their fair values due to the short-term nature of trade and other receivables.

Financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Where these cash flows are in a foreign currency the present value is converted into Australian dollars at the foreign exchange spot rate prevailing at the reporting date.

Trade and other payables

The carrying value of trade payables is a reasonable approximation of their fair values due to the short term nature of trade payables.

2 FINANCIAL INSTRUMENTS (CONT')

(b) Interest Rate Risk

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

At the reporting date, the Group had the following financial assets exposed to Australian and overseas variable interest rate risk that are not designated in cash flow hedges:

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Cash and cash equivalents	27,605	40,558

The Group constantly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangement on fixed or variable deposits.

The following sensitivity analysis is based on the interest rate opportunity/risk in existence at the reporting date.

Based upon the average balance of net exposure during the year, if interest rates changed by +/-1%, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Impact on post-tax profit		
Interest rates +1%	341	497
Interest rates –1%	(341)	(497)
Impact on equity		
Interest rates +1%	341	497
Interest rates –1%	(341)	(497)

A movement of + and – 1% is selected because this is historically is within a range of rate movements and available economic data suggests this range is reasonable.

(c) Foreign Exchange Risk

The Group is subject to foreign exchange risk on its international exploration and appraisal activities where costs are incurred in foreign currencies, in particular United States dollars.

The Board approved the policy of holding certain funds in United States dollars to manage foreign exchange risk.

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

	30 JUNE 2015			30 JUNE 2014		
CONSOLIDATED	USD $000'S	NZD $000'S	IDR $000'S	USD $000'S	NZD $000'S	PNG KINA $000'S
Financial assets:						
Cash and cash equivalents	26,635	384	186	39,913	400	8
Receivables	4,394	240	-	2,687	842	-
Financial liabilities:						
Current payables	12,659	1,408	357	15,603	947	-

2 FINANCIAL INSTRUMENTS (CONT')

At the reporting date, if the currencies set out in the table above, strengthened or weakened against the Australian dollar by the percentage shown, with all other variables held constant, net profit for the year would increase/(decrease) and net assets would increase / (decrease) by:

				CONSOLIDATED
	USD $000'S	NZD $000'S	IDR $000'S	2015 TOTAL $000'S
Impact on post-tax profit				
Exchange rates +10%	(1,837)	75	17	(1,745)
Exchange rates -10%	1,837	(75)	(17)	1,745
Impact on equity				
Exchange rates +10%	(1,837)	75	17	(1,745)
Exchange rates -10%	1,837	(75)	(17)	1,745

				CONSOLIDATED
	USD $000'S	NZD $000'S	PNG KINA $000'S	2014 TOTAL $000'S
Impact on post-tax profit				
Exchange rates +10%	(2,700)	(30)	(1)	(2,731)
Exchange rates -10%	2,700	30	1	2,731
Impact on equity				
Exchange rates +10%	(2,700)	(30)	(1)	(2,731)
Exchange rates -10%	2,700	30	1	2,731

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of +/– 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable.

(d) Commodity Price Risk

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

The Group is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars. The Group may enter into commodity crude oil price swap and option contracts to manage its commodity price risk.

At 30 June 2015 the Group had no open oil price swap contracts (2014: nil).

2 FINANCIAL INSTRUMENTS (CONT')

If the US dollar oil price changed by +/-20% from the average oil price during the year, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Impact on post-tax profit		
US dollar oil price +20%	3,872	3,565
US dollar oil price −20%	(3,872)	(3,565)
Impact on equity		
US dollar oil price +20%	3,872	3,565
US dollar oil price −20%	(3,872)	(3,565)

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of + and – 20% is selected because a review of historical oil price movements and economic data suggests this range is reasonable.

(e) Liquidity Risk

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

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

The Group is consequently more than sufficiently solvent to meet its payment obligations in full as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding to meet ongoing operational requirements, exploration and development expenditure, and small-to-medium-sized opportunistic projects and investments, by keeping committed credit facilities available.

The following table analyses the contractual maturities of the Group's financial liabilities into relevant groupings based on the remaining period at the reporting date to the contractual undiscounted cash flows comprising principal and interest repayments. Estimated variable interest expense is based upon appropriate yield curves existing as at 30 June 2015.

2 FINANCIAL INSTRUMENTS (CONT')

	12 MONTHS OR LESS	1 TO 2 YEARS	2 TO 5 YEARS	MORE THAN 5 YEARS
	$000'S	$000'S	$000'S	$000'S
CONSOLIDATED 2015				
Non-derivative financial liabilities				
Trade and other payables	15,936	-	-	-
Tax liabilities - current	580	-	-	-
	16,516	-	-	-
CONSOLIDATED 2014				
Non-derivative financial liabilities				
Trade and other payables	21,184	-	-	-
Tax liabilities - current	2,398	-	-	-
	23,582	-	-	-

(f) Credit Risk

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

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

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

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

At the reporting date there are no significant concentrations of credit risk within the Group.

3 REVENUE AND OTHER INCOME

	CONSOLIDATED	
	2015 $000'S	**2014 $000'S**
Revenue from continuing operations:		
Production income	36,925	32,246
Other income:		
Interest from cash and cash equivalents	107	162
Joint Venture overhead charge	27	-
Overall gain as a result of acquisition		
Gain on bargain purchase	63	-
Reversal of impairment of Exploration assets	35,959	-
Profit on sale of Cue PNG Oil Company Pty Ltd	5,830	-
	41,986	162
Net foreign currency exchange gain	6,911	81

4 EXPENSES

Profit before income tax expense from continuing operations includes the following specific areas:

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Operating Expenses		
Production costs	13,425	15,968
Amortisation of production properties	10,828	9,074
Other Expenses		
Depreciation of property, plant and equipment	49	100
Employee expense	4,150	3,582
Superannuation contribution expense	221	170
Operating lease expenses	265	793
Takeover defence related costs	2,003	-
Administrative expenses	765	910
Business development expenses	1,479	1,136
Other expenses	8,932	6,691

5 AUDITORS REMUNERATION

Amounts paid or due and payable to the auditor – BDO East Coast Partnership for:

	2015 $	2014 $
Audit or review of the financial statements	115,500	87,000
Other Services:		
Advisory Services	1,000	7,000
Tax compliance and other services	36,900	31,000
Total	153,400	125,000

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

6 TAXATION

	CONSOLIDATED ENTITY	
	2015 $000'S	2014 $000'S
INCOME TAX (BENEFIT)/EXPENSE		
Current tax	3,266	4,843
Adjustment recognised for prior periods	-	(120)
Deferred tax	(8,466)	(2,479)
Aggregate income tax (benefit)/expense	**(5,200)**	**2,244**
Income tax expense is attributable to:		
Profit for the year	(5,200)	2,244
Deferred tax included in income tax comprises:		
(Increase)/decrease in deferred tax assets	(8,164)	(2,773)
Increase/(decrease) in deferred tax liabilities	(302)	294
	(8,466)	**(2,479)**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit for the year before income tax expense	34,842	78
Tax expense at Australian tax rate of 30% (2014: 30%)	10,453	23
Unrealised timing differences	(13)	169
Difference in overseas tax rates	242	1,354
Allowable mining deductions	(4,011)	(1,824)
Tax losses carried forward	2,179	5,319
Adjustments to current tax from prior periods	-	(120)
Disallowable intercompany interest	(86)	(174)
Non-taxable gain on bargain purchase	(10,805)	-
Movements in deferred tax	188	(2,479)
Non-taxable gain on disposal of subsidiary	(1,681)	-
Unrealised foreign exchange movements	(1,666)	(24)
Income tax expense	**(5,200)**	**2,244**
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	61,930	52,188
Potential tax benefit at relevant local tax rates	**18,579**	**15,775**
Current tax liabilities	**580**	**2,398**

6 TAXATION (CONT')

		CONSOLIDATED ENTITY	
		2015 $000'S	**2014 $000'S**
Non-current assets – deferred tax assets			
Movements - Consolidated			
Opening balance		11,573	8,800
Credit to the income statement		8,164	2,773
Closing balance	(i)	**19,737**	**11,573**
Non-current liabilities – deferred tax liabilities			
Movements - Consolidated			
Opening balance		(30,986)	(30,692)
(Credit)/debit to the income statement		302	(294)
	(i)	**(30,684)**	**(30,986)**
Net	(i)	**(10,947)**	**(19,413)**
(i) Presentation in the consolidated statement of financial position as follows:			
Deferred tax asset		70	71
Deferred tax liability		(11,017)	(19,484)
Net		**(10,947)**	**(19,413)**

7 CAPITAL AND RESERVES

				CONSOLIDATED
	2015 $000'S	2014 $000'S	2015 SHARES ON ISSUE	2014 SHARES ON ISSUE
(a) Issued Capital				
Issued and paid up ordinary fully paid shares				
Balance at 1 July	152,416	152,416	698,119,720	698,119,720
Options exercised	-	-	-	-
Closing balance at 30 June	**152,416**	**152,416**	**698,119,720**	**698,119,720**

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.

		CONSOLIDATED
	2015 $000'S	2014 $000'S
(b) Share Based Payment Reserve		
Balance at 1 July	-	22
Performance Share Rights payment expense	-	-
Performance Share Rights payment transferred	-	(22)
Closing balance at 30 June	**-**	**-**

Nature and purpose of reserve

This reserve is used to record the value of equity benefits provided as part of agreements entered into by the Company during the year. Refer to note 24 and the Remuneration Report within the Directors' Report for details.

The following reconciles the outstanding options and Performance Share Rights granted as remuneration in the current and prior financial years at the beginning and end of the year:

	2015	2015	2014	2014
	NUMBER OF PERFORMANCE SHARE RIGHTS	NUMBER OF OPTIONS	NUMBER OF PERFORMANCE SHARE RIGHTS	NUMBER OF OPTIONS
Balance at beginning of the year	-	-	1,600,000	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	(1,600,000)	-
Balance at end of the year	-	-	-	-

7 CAPITAL AND RESERVES (CONT')

(c) 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 also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

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

During 2015 management did not pay any dividends (2014: nil).

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

The gearing ratios for the years ended 30 June 2015 and 30 June 2014 are as follows:

	CONSOLIDATED	
	2015 $000'S	**2014 $000'S**
Trade and other payables	(15,936)	(21,184)
Tax liabilities	(580)	(2,398)
Total	(16,516)	(23,582)
Less cash and cash equivalents	27,605	40,558
Surplus cash	11,089	16,976
Total equity	171,903	129,403
Total capital	182,992	146,379
Gearing ratio	nil%	nil%

8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Current receivables		
Trade receivables	3,288	2,673
Other receivables and prepayments	1,473	869
	4,761	3,542
The ageing of trade receivables at the reporting date was as follows:		
Less than one month	3,288	2,673
	3,288	2,673

Trade receivables are non-interest-bearing and settlement terms are generally within 30 days.

Trade receivables are neither past due nor impaired and relate to a number of independent customers for whom there is no recent history of default.

Impaired receivables

At 30 June 2015 there were no current trade receivables that were impaired (2014: nil).

The balance of the allowance for impairment in respect of trade receivables at 30 June 2015 was nil (2014: nil). There has been no movement in the allowance during the year.

The Directors consider that the carrying value of receivables reflects their fair values.

9 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Office and computer equipment		
Cost	258	505
Accumulated depreciation	(182)	(387)
	76	118

Reconciliation of the carrying amount of office and computer equipment at the beginning and end of the current financial year is set out below:

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Balance at beginning of year	118	63
Additions	7	155
Depreciation expense	(49)	(100)
Balance at end of year	76	118

10 INVENTORIES

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Current Assets		
Inventory	3,728	843

11 SHARES IN SUBSIDIARIES

Shares held by the parent entity at the reporting date:

	PARENT				
SUBSIDIARY COMPANIES	2015 $	2014 $	INTEREST HELD	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Cue Mahato Pty Ltd	2	-	100%	Australia	Petroleum exploration
Cue Mahakam Hilir Pty Ltd	1	1	100%	Australia	Petroleum exploration
Cue Kalimantan Pte Ltd[1]	2	-	100%	Singapore	Petroleum exploration
Cue (Ashmore Cartier) Pty Ltd	2	2	100%	Australia	Petroleum exploration
Cue Sampang Pty Ltd	1	1	100%	Australia	Petroleum production and exploration
Cue Resources, Inc	1,000	-	100%	USA	Petroleum production and exploration
Buccaneer Operating LLC[2]	1	-	100%	USA	Petroleum production and exploration
Cue Taranaki Pty Ltd	1	1	100%	Australia	Petroleum production and exploration
Cue PNG Oil Company Pty Ltd	-	1	100%	Australia	Petroleum production and exploration
Cue Exploration Pty Ltd	1,929,077	1,929,077	100%	Australia	Petroleum exploration
Less accumulated impairment losses	(1,343,808)	(1,343,808)			
	585,269	585,269			
Total	586,279	585,275			

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

1 shares held by Cue Mahakam Hilir Pty Ltd

2 shares held by Cue Resources, Inc

12 EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Costs carried forward in respect of areas of interest in exploration and evaluation phase	54,069	36,944
Expenditure incurred during the year	9,891	17,125
Reversal of impairment of exploration asset (note 21)	35,959	-
Less disposal of areas of interest (note 22)	(2,861)	-
Closing balance at 30 June	97,058	54,069
Accumulated costs incurred on current areas of interest net of amounts written off -		
Joint Venture assets:		
- Sampang PSC	8,827	8,862
- Mahato PSC	5,381	-
- Mahakam Hilir PSC	-	27,017
- PNG PRL 9	-	2,221
- PNG PRL14	-	416
- PNG PDL 3 (non unitised)	-	209
- WA-360-P	2,084	1,979
- WA-361-P	565	561
- WA-389-P	3,097	2,888
- WA-409-P	-	201
- PEP 51313	6,239	6,073
- PEP 51149	2,210	1,889
- PEP 54865	169	83
	28,572	52,399
Controlled assets:		
- WA-359-P	2,919	1,670
- WA-409-P	864	-
- Mahakam Hilir PSC	64,703	-
	68,486	1,670
	97,058	54,069

13 PRODUCTION PROPERTIES

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Balance at beginning of year	79,458	73,935
Expenditure incurred during the year	24,163	14,785
Acquisition of production asset (note 21)	3,906	-
Disposal of production asset (note 22)	(553)	-
Impairment provision	(18,015)	-
Amortisation expense	(10,828)	(9,262)
Balance at end of year	78,131	79,458
Net accumulated costs incurred on areas of interest		
Joint Venture assets:		
- PNG PDL 3 (unitised)	-	512
- Oyong and Wortel – Sampang PSC	13,075	15,677
- Maari – PMP 38160	61,132	63,269
	74,207	79,458
Controlled assets:		
- Pine Mills	3,924	-
Total	78,131	79,458

14 IMPAIRMENT OF PRODUCTION PROPERTY ASSETS

At 30 June 2015 the Group reassessed the carrying amount of its oil and gas assets, Production Properties (refer note 13 and note 1(i)), for indicators of impairment such as changes in future prices, future costs and reserves. As a result, the recoverable amounts of cash-generating units were formally reassessed. An impairment of the Maari oil field development in New Zealand of $18.01 million, primarily as a result of significantly reduced oil prices, was recognised during the year (2014: nil).

Estimates of recoverable amounts are based on the assets' value-in-use, determined by discounting each asset's estimated future cash flows at asset specific discount rates. The pre-tax discount rates applied were 14.3% (2014: 14.3%) equivalent to post-tax discount rates of 10% (2014: 10%) depending on the nature of the risks specific to each asset. 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.

15 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Current		
Trade payables and accruals	15,637	21,119
Amounts due to directors and director related entities	299	65
	15,936	21,184

The Directors consider the carrying amount of payables reflect their fair values. Trade creditors are generally settled within 30 days.

Included within trade payable and accruals is an amount of $6.1 million relating to liabilities associated with a dispute in relation to the Jeruk field within the Sampang PSC. Refer to note 28 for more information.

16 PROVISIONS

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Current		
Employee benefits	584	563
Non-Current		
Employee benefits	96	64
Restoration	11,313	5,563
	11,409	5,627

Movements in each class of provision during the financial year, other than provisions relating to employee benefits are set out below:

	EMPLOYEE BENEFITS	RESTORATION
	$000'S	$000'S
Consolidated		
Balance at 1 July 2014	627	5,563
Provisions made during the year	344	8,213
Unused amounts reversed	-	(1,083)
Provisions used during the year	(291)	(1,380)
Balance at 30 June 2015	680	11,313

Restoration

Provisions for future removal and restoration costs 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 costs of removing facilities, abandoning wells and restoring the affected areas. Expected timing of outflow of restoration liabilities is not within the next 12 months from the reporting date.

17 INTERESTS IN JOINT OPERATIONS

PROPERTY	OPERATOR	CUE INTEREST (%)	GROSS AREA (KM^2)	NET AREA (KM^2)	PERMIT EXPIRY DATE
Petroleum Exploration Properties					
Carnarvon Basin – Western Australia					
WA-359-P	Cue Exploration Pty Ltd	100	645	645	25/10/2017
WA-360-P	MEO Australia Limited	37.50	643	241.10	05/03/2017
WA-361-P	MEO Australia Limited	15	644	96.60	30/01/2016
WA-389-P	BHP Billiton (Australia) Pty Ltd	40	1,939	775.60	08/10/2018
WA-409-P	Cue Exploration Pty Ltd	100	565	169.50	29/04/2016
New Zealand					
PEP51313	OMV New Zealand Limited	14	819	163.80	29/07/2021
PEP51149	Todd Exploration Limited	20	217	43.40	22/09/2018
PEP54865	Todd Exploration Limited	20	2,475	495	10/12/2017
Indonesia					
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100	222.14	88.90	12/11/2015
Mahato PSC	Texcal Mahato Pte Ltd	12.50	5,600	700	20/07/2018
Petroleum Production Properties					
New Zealand					
PMP 38160	OMV New Zealand Limited	5	80.18	4	01/12/2027
Madura - Indonesia					
Sampang PSC	Santos (Sampang) Pty Ltd	15 (8.181818 Jeruk field)	534.50	80.20	04/12/2027
USA					
Pine Mills	Cue Resources, Inc	80	8,903.08	7122.47	N/A

17 INTERESTS IN JOINT OPERATIONS (CONT')

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
The share of assets and liabilities of the joint operations and other financial liabilities attributed to Joint Operations have been included under the relevant headings:		
Current Assets:		
Receivables	4,192	2,998
Inventory	3,714	843
Non-Current Assets:		
Exploration and Evaluation Expenditure (note 12)	28,572	52,399
Deferred Tax Assets	-	71
Production Properties (note 13)	74,207	79,458
Total Assets	110,685	135,769
Current Liabilities:		
Payables	6,596	20,199
Current Tax Liabilities	576	2,398
Non-Current Liabilities:		
Restoration Provisions	11,312	5,563
Deferred Tax Liabilities	11,017	19,484
Total Liabilities	29,501	47,644
Net Assets	81,184	88,125
Income and expenses of the consolidated entity attributable to joint ventures:		
Production Income	37,450	34,005
Expenses	15,637	18,213

Refer to note 28 in relation to contingent liabilities of the Group.

Commitments for expenditure are disclosed in note 18.

18 COMMITMENTS FOR EXPENDITURE

a) Exploration Tenements

In order to maintain current rights of tenure to petroleum exploration tenements, the Group has discretionary exploration expenditure requirements up until expiry of the primary term of the tenements. These requirements, which are subject to renegotiation and are not provided for in the financial statements, are payable as follows:

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Not later than 1 year	21,260	9,480
Later than 1 year but not later than 2 years	413	28,641
Later than 2 years but not later than 5 years	-	740
Later than 5 years	-	-
	21,673	38,861

If the economic entity decides to relinquish certain tenements and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review in order to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties could potentially reduce or extinguish these obligations.

All commitments relate to Joint Operation projects.

b) Production Development Expenditure

In order to maintain and improve existing production properties the Group has committed to expend funds as follows:

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Not later than 1 year	4,982	15,406
Later than 1 year but not later than 2 years	-	4,945
Later than 2 years but not later than 5 years	-	266
Later than 5 years		-
	4,982	20,617

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

18 COMMITMENTS FOR EXPENDITURE (CONT')

c) Operating Lease Commitments

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Non-cancellable operating lease relating to rental of premises are payable as follows:		
Not later than 1 year	217	-
Later than 1 year but not later than 2 years	276	265
Later than 2 years but not later than 5 years	383	611
Later than 5 years	-	-
	876	876

Premises lease term for 5 years from the commencement date of 12 September 2013, with a fixed increase of 3.75% p.a. and further option term of 5 years.

19 EVENTS SUBSEQUENT TO THE REPORTING DATE

The Company has been notified by the National Offshore Petroleum Titles Administrator of the approval of its application for a suspension of the Permit Year 3 work programme commitment for WA-359-P. The Year 3 work programme comprises the drilling of one exploration well which is now due by October 2016.

As a result of an economic project arrangement in the Jeruk field within the Sampang PSC, Indonesia, Cue may in certain circumstances have an obligation to make compensatory payments for monies spent by the incoming party from future profit oil within the Sampang PSC. There is a dispute between Cue and the incoming party as to the quantum of monies that they may be entitled to claim by way of such compensatory payments and when any such amount would be payable. Last year an arbitration hearing found in favour of Cue's position however the incoming party is commencing further arbitration proceedings. The Company is of the view that any amount which might eventually become payable would not be likely to exceed the amount of USD4.4 million which has been provided for in the accounts.

Apart from the above, the Directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly or may significantly affect the operations of Cue Energy Resources Limited, the results of those operations or the state of affairs of the Company or Group.

20 EARNINGS PER SHARE

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Earnings/(loss) per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax	39,822	(1,491)
Non-controlling interest	(2)	-
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	39,820	(1,491)

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
Option over ordinary shares	-	-
Convertible notes	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	698,119,720	698,119,720

	CENTS	CENTS
Basic earnings per share	5.71	(0.21)
Diluted earnings per share	5.71	(0.21)

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Earnings/(loss) per share for profit/(loss) from discontinued operations		
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	230	(675)

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
Option over ordinary shares	-	-
Convertible notes	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	698,119,720	698,119,720

	CENTS	CENTS
Basic earnings per share	0.03	(0.10)
Diluted earnings per share	0.03	(0.10)

20 EARNINGS PER SHARE (CONT')

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
Earnings/(loss) per share for profit/(loss)		
Profit after income tax	40,052	(2,166)
Non-controlling interest	2	-
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	40,050	(2,166)

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
Adjustment for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Convertible notes	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	698,119,720	698,119,720

	CENTS	CENTS
Basic earnings per share	5.74	(0.31)
Diluted earnings per share	5.74	(0.31)

21 BUSINESS COMBINATIONS

On 30 June 2015 Cue Mahakam Hilir Pty Ltd, a subsidiary of Cue Energy Resources Limited, acquired 100% of the ordinary shares of Cue Kalimantan Pte Ltd, formerly SPC Mahakam Hilir Pte Ltd, for the total consideration transferred of USD 1. The acquired business contributed revenues of $36.02 million and profit after tax of $36.01 million to the consolidated entity for the period from 1 January 2015 to 30 June 2015. It is not possible to quantify what the revenues and loss would have been had the entity been acquired as at 1 July 2014. The values identified in relation to the acquisition of Cue Kalimantan Pte Ltd are calculated on a provisional basis as at 30 June 2015.

Details of the acquisition are as follows:

	FAIR VALUE $000'S
Cash and cash equivalents	213
Trade receivables	47
Prepayments	1
Other receivables	15
Trade payables	(213)
Net assets acquired	63
Gain on bargain purchase recognised	(63)
Acquisition date fair value of total consideration transferred	-
Representing:	
Cash paid or payable to vendor	-

The gain on bargain purchase is included within the Other Income (refer note 3).

Subsequent to acquisition, the impairment previously recognised on the exploration asset in Cue Kalimantan Pte Ltd, was reversed resulting in a further gain, relating to the acquired company, of $35,959,000 (refer note 3).

21 BUSINESS COMBINATIONS (CONT')

On 30 June 2015 Cue Resources, Inc a subsidiary of Cue Energy Resources Limited, acquired 80% of the Pine Mills exploration license for the total consideration transferred of USD3 million. The acquired business contributed revenues of $0.25 million and loss after tax of $0.15 million to the consolidated entity for the period from 15 May 2015 to 30 June 2015. It is not possible to quantify what the revenues and loss would have been had the entity been acquired as at 1 July 2014. The values identified in relation to the acquisition of the Pine Mills exploration asset are calculated on a provisional basis as at 30 June 2015.

Details of the acquisition are as follows:

	FAIR VALUE $000'S
Production property	3,906
Net assets acquired	3,906
Acquisition date fair value of the total consideration transferred	3,906
Representing:	
Cash paid or payable to vendor	3,906
Acquisition costs expensed to profit or loss	163

22 DISCONTINUED OPERATIONS

Description

On 20 November 2014 the consolidated entity sold Cue PNG Oil Company Pty Ltd (incorporated in Australia), a subsidiary of Cue Energy Resources Limited, for consideration of USD7.03 million resulting in a profit on disposal before income tax of $5.83 million. Whilst Cue PNG Oil Company Pty Ltd was sufficiently profitable up to the date of sale, future losses were projected due to reduced production and expected exploration expenditure.

Financial performance information

	2015 $000'S	2014 $000'S
Production revenue	745	1,759
Total revenue	745	1,759
Operating expense	515	2,434
Total expenses	515	2,434
Profit/(loss) before income tax expense	230	(675)
Income tax expense	-	-
Profit/(loss) after income tax expense from discontinued operations	230	(675)

22 DISCONTINUED OPERATIONS (CONT')

Carrying amounts of assets and liabilities disposed

	2015 $000'S
Production income receivables	126
Deferred tax asset	71
Exploration permits	2,861
Production properties	553
Total assets	3,611
Trade and other payables	(69)
Abandonment provision	(1,083)
Loan from parent company	-
Total liabilities	(1,152)
Net assets	2,459

Details of the disposal

	2015 $000'S
Total sale consideration	8,536
Carrying amount of net assets disposed	(2,459)
Disposal costs	(247)
Profit on disposal before tax	5,830
Income tax expense	-
Profit on disposal after income tax	5,830

23 FINANCIAL REPORTING BY SEGMENTS

Segment Information

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

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

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

	AUSTRALIA	NZ	INDONESIA	PNG	USA	TOTAL
2015	**$000'S**	**$000'S**	**$000'S**	**$000'S**	**$000'S**	**$000'S**
Production Revenue	-	14,269	22,436	745	220	37,670
Production Expenses	-	(4,010)	(8,978)	(515)	(437)	(13,940)
Gross Profit	-	10,259	13,458	230	(217)	23,730
Loss on sale of fixed assets	-	-	-	-	-	-
Other revenue	5,937	-	36,022	-	27	41,986
Foreign exchange movement	7,322	-	(405)	-	(6)	6,911
Earnings before interest expense, tax, depreciation and amortisation	4,377	(7,756)	49,073	230	(195)	45,729

	AUSTRALIA	NZ	INDONESIA	PNG	USA	TOTAL
2014	**$000'S**	**$000'S**	**$000'S**	**$000'S**	**$000'S**	**$000'S**
Production Revenue	-	10,156	22,090	1,759	-	34,005
Production Expenses	-	(5,688)	(10,280)	(2,245)	-	(18,213)
Gross Profit	-	4,468	11,810	(486)	-	15,792
Loss on sale of fixed assets	(3)	-	-	-	-	(3)
Other revenue	162	-	-	-	-	162
Foreign exchange movement	(25)	34	72	-	-	81
Earnings before interest expense, tax, depreciation and amortisation	(6,458)	4,502	11,882	(486)	-	9,440
Total segment assets						
30 June 2015	35,935	71,369	99,667	-	4,458	211,429
30 June 2014	47,200	73,342	54,282	3,835	-	178,659
Total segment liabilities						
30 June 2015	2,043	20,058	15,813	-	1,612	39,526
30 June 2014	1,927	15,582	30,477	1,270	-	49,256

23 FINANCIAL REPORT BY SEGMENT (CONT')

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

	2015 $000'S	2014 $000'S
EBITDA	45,729	9,440
Depreciation	(49)	(100)
Amortisation	(10,828)	(9,262)
Profit before income tax expense	34,852	78

24 SHARE BASED PAYMENTS

Directors and Employee Benefits – Share Based Payment Plans

Performance rights over shares in Cue Energy Resources Limited were granted under the Cue Energy Resources Limited Performance Rights Plan (the 'Plan') which was approved by shareholders at the general meeting held on 24 November 2011. The Plan is designed to align the interests of executives with shareholders by providing direct participation in the benefits of future Company performance over the medium to long term.

Ownership based compensation payments for employees and executives of the group are made at the discretion of the Board. At year end all outstanding performance rights had lapsed.

Under the Plan, participants were granted performance rights which only vest if certain performance standards (as disclosed in the Remuneration Report) were met and the executive remained employed by the Company until the end of the vesting period. The selection of suitable performance benchmarks was considered critical to securing the objectives of the Plan, and benchmark price levels for vesting were set at significantly higher levels than those prevailing at the time of structuring the Plan.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise, each option or performance right was convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

In addition, the company historically had share options on issue to certain employees and other executives. As at 30 June 2014, all these options had either been exercised or had expired.

Share-based payments

The following reconciles the outstanding share options and performance rights granted as remuneration as at the beginning and end of the year.

	2015	2015	2014	2014
	NUMBER OF SHARE RIGHTS	NUMBER OF OPTIONS	NUMBER OF SHARE RIGHTS	NUMBER OF OPTIONS
Balance at beginning of the year	-	-	1,600,000	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	(1,600,000)	-
Balance at end of the year	-	-	-	-

No performance rights were outstanding as at 30 June 2015.

25 KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

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

Chairman

P.G. Foley – Non-Executive Director (appointed 13 April 2015)

Non-Executive Directors

C.P. Hazledine (appointed 13 April 2015)

B.L. Smith (appointed 13 April 2015)

G.J. King (removed 29 July 2015)

A.A. Young (removed 29 July 2015)

R.A. Sylvester (resigned 10 April 2015)

Post year end, S.A. Brown and B.H. Koh were appointed as Directors on 24 July 2014 and 29 July 2015, respectively.

Key Management Personnel

The following executives, in addition to those Directors identified above, comprise key management personnel:

NAME	POSITION
D.A.J. Biggs	Chief Executive Officer
A.M. Knox	Company Secretary and Chief Financial Officer
J. Schrull (appointed 18 August 2014)	Exploration and Production Manager
D.B. Whittam (resigned 22 August 2014)	Exploration Manager

Remuneration

Management Personnel

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
- Post employment benefits – superannuation

	CONSOLIDATED ENTITY	
	2015 $	2014 $
Short term employment benefits (including non-monetary benefits)	1,793,057	1,613,208
Long term benefits	6,612	-
Post employment benefits	156,040	99,988
Termination payments	105,000	-
	2,060,709	1,713,196

Refer to the Remuneration Report in the Director's Report for detailed compensation disclosures on key management personnel.

25 KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES (CONT')

Consolidated Entities

Details of controlled entities are shown in note 11.

Advances to/(from) controlled entities from/to Cue Energy Resources Limited, net of provisions for impairment, at the reporting date are as follows:

	2014 $	MOVEMENT $	2015 $
Cue Exploration Pty Ltd	6,480,841	2,396,680	8,877,521
Cue (Ashmore Cartier) Pty Ltd	(2,226,329)	-	(2,226,329)
Cue Resources, Inc	-	2,997,629	2,997,629
Cue PNG Oil Pty Ltd	3,314,711	(3,314,711)	-
Cue Mahakam Hilir Pty Ltd	18,987,663	7,154,260	26,141,923
Cue Sampang Pty Ltd	9,294,916	(1,540,669)	7,754,247
Cue Mahato Pty Ltd	-	5,380,786	5,380,786
Cue Taranaki Pty Ltd	24,401,076	8,422,286	32,823,362
Total	60,252,878	21,496,261	81,749,139

Repayment of amounts owing to the Company as at 30 June 2015 and all future debts due to the Company, by the controlled entities are subordinated in favour of all other creditors. Cue Energy has agreed to provide sufficient financial assistance to the controlled entities as and when it is needed to enable the controlled entities to continue operations.

The parent company provides management, administration and accounting services to the subsidiaries. A management fee of $186,667 (2014: $480,000) and interest of $180,121 (2014: $417,486) were charged by the parent company to Cue PNG Oil Company Pty Ltd. Management fees of $3,714,214 (2014: $1,706,042) were charged by the parent company to Cue Taranaki Pty Ltd.

The ultimate parent company for accounting purposes is New Zealand Oil and Gas Limited, a company incorporated in New Zealand.

26 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2015 $000'S	2014 $000'S
(a) Reconciliation of operating profit/(loss) to net cash flows from operating activities:		
Profit/(loss) after income tax expense for the year	40,052	(2,166)
Adjustments for:		
Permit write down	18,015	-
Depreciation	49	100
Amortisation	10,828	9,262
Gain on purchase of assets	(36,022)	-
Profit on sale of assets	(5,830)	-
Loss on disposal of assets	-	3
Net gain on foreign currency conversion	(9,778)	(73)
Impact of changes in working capital items		
(Decrease)/increase in assets	(4,625)	2,008
Increase in liabilities	(11,419)	(3,514)
Net cash flows from operating activities	1,270	5,620
(b) Cash comprises cash balances held in Australia dollars and foreign currencies, principally US dollars, within Australia and overseas:		
Australia	26,197	39,873
New Zealand	384	400
USA	261	-
Papua New Guinea	-	8
Indonesia	763	277
Cash and bank balances	27,605	40,558
Cash Flow Statement cash balance	**27,605**	**40,558**

27 PARENT ENTITY INFORMATION

	PARENT ENTITY	
	2015 $000'S	2014 $000'S
PARENT ENTITY INFORMATION		
Information relating to Cue Energy Resources Limited:		
Financial position		
Current assets	27,369	41,102
Non-current assets	82,411	60,956
Total assets	109,780	102,058
Current liabilities	1,798	1,548
Non-current liabilities	96	64
Total liabilities	1,894	1,612
Net assets	107,886	100,446
Contributed equity	152,416	152,416
Reserves	-	-
Accumulated losses	(44,530)	(51,970)
Net assets	107,886	100,446
Financial performance		
Profit/(loss) for the year	7,441	(3,955)
Total comprehensive income for the year	7,441	(3,955)

Capital Commitments

The parent entity has no commitments for the acquisition of capital assets as at 30 June 2015 (2014: nil).

Leases Commitments

The parent entity has no commitments in relation to leases as at 30 June 2015 other than disclosed in note 18.

The parent entity has no contingent assets.

28 CONTINGENT LIABILITIES & ASSETS

Contingent Liabilities

As a result of an economic project arrangement in the Jeruk field within the Sampang PSC, Indonesia, Cue may in certain circumstances have an obligation to reimburse certain monies spent by the incoming party from future profit oil within the Sampang PSC. There is a dispute between Cue and the incoming party as to the quantum of monies that they may be entitled to claim by way of such reimbursement and when any such reimbursement would be payable. The Company is of the view that any amount which might eventually become payable would not be likely to exceed the amount of USD4.4 million which has been provided for in the accounts. Claims made by the incoming party are yet to be settled and hence there is still significant judgement and estimation in relation to these legal claims.

During the year the Board introduced a retention bonus scheme for employees contingent on employees remaining with the Company until the earlier of 1 February 2016 or upon a shareholder acquiring more than 50% of the voting shares in Cue or a merger takes place resulting in the Directors of Cue, immediately prior to that merger, not being a majority of the Directors of the Board of the merged entity. The amount which might eventually become payable would not be likely to exceed the amount of $1.2 million. At balance date a present obligation to pay this bonus cannot be currently reliably estimated and hence has not been recognised.

Contingent Assets

The Group has no contingent assets.

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the members of Cue Energy Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Cue Energy Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cue Energy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Cue Energy Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 46 of the directors' report for the year ended 30 June 2015. 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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

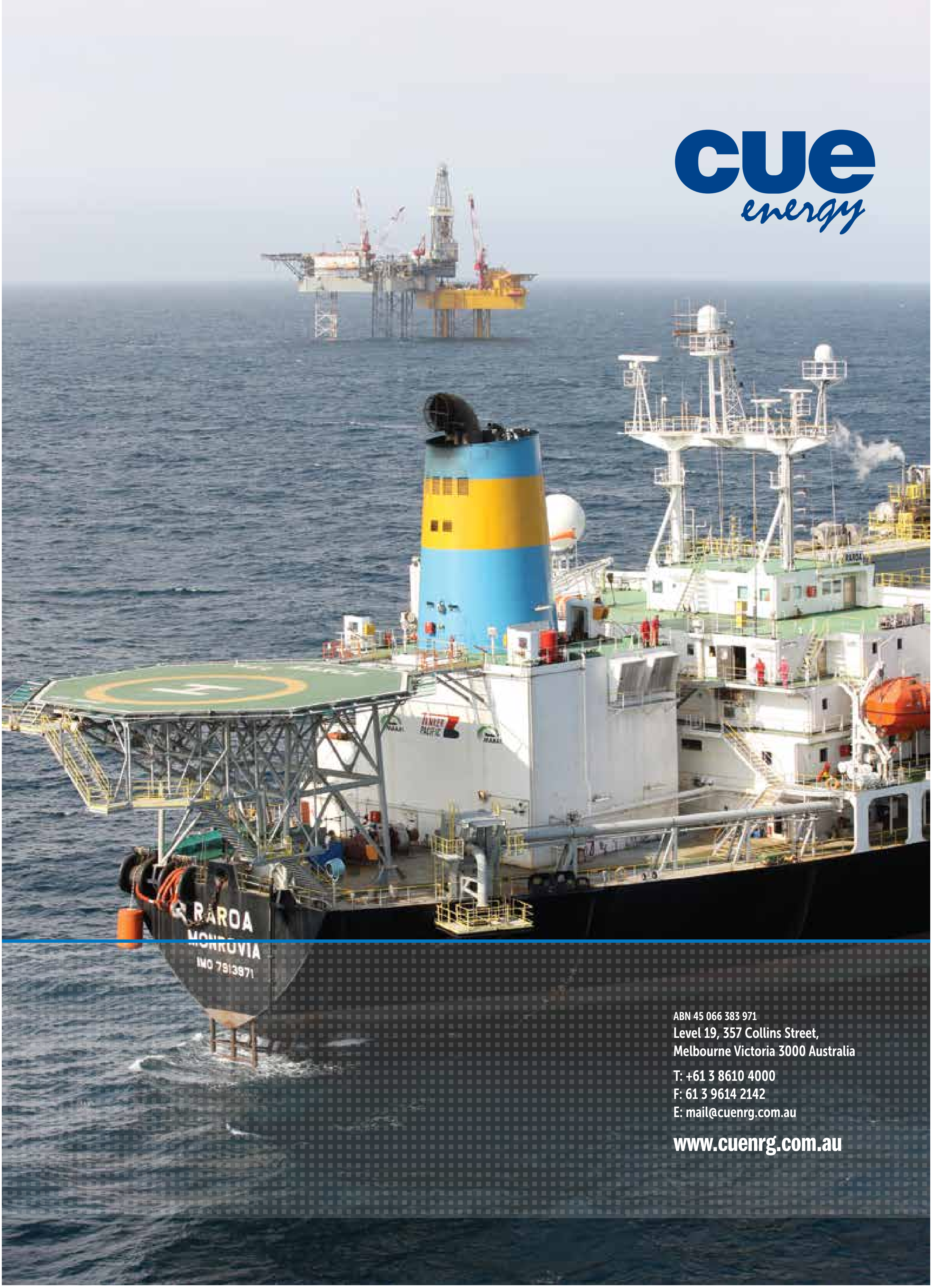
In our opinion, the Remuneration Report of Cue Energy Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Alex Swansson
Partner

Melbourne, 29 September 2015



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