

Cue Energy Resources Limited

ABN 45 066 383 971

Interim Financial Report - 31 December 2017

Cue Energy Resources Limited

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31 December 2017

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Cue Energy Resources Limited
Corporate directory
31 December 2017

Directors	Mr. Grant A. Worner (Non-Executive Chairman) Mr. Koh Ban Heng (Non-Executive Director) Ms. Melanie Leydin (Executive Director)
Chief Executive Officer	Mr. Matthew Boyall
Company secretary	Ms. Melanie Leydin
Registered office	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia
Principal place of business	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, VIC 3067 Australia
Auditor	BDO East Coast Partnership Collins Square, Tower Four Level 18, 727 Collins Street Melbourne, VIC 3000 Australia
Stock exchange listing	Cue Energy Resources Limited shares are listed on the Australian Securities Exchange (ASX code: CUE)
Website	www.cuenrg.com.au

REVIEW OF OPERATIONS

PRODUCTION

New Zealand
PMP 38160 Maari and Manaia fields
Cue Interest: 5%
Operator: OMV New Zealand Limited

Production from Maari during H1 FY2018 was reduced due to the 6 week field shut in while permanent repairs were completed on the Maari Well Head Platform (WHP) and disruptions to production from the MN1 and MR7A wells during workovers. Both workovers were successfully completed during October and November.

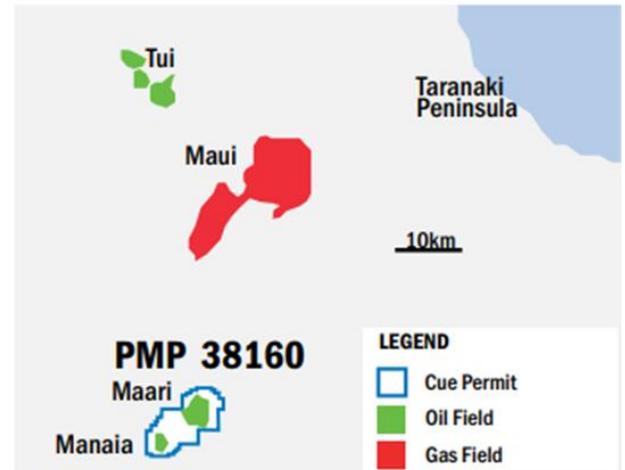
The MN1 workover involved the deepening of the Electric Submersible Pump (ESP) in the well and the completion of new sections in the well bore, which resulted in a significant increase in production from the well.

The MR7A workover successfully replaced the ESP in the well, which failed as the proactive workover was preparing to commence, and perforated an additional zone in the wellbore.

Preparations for the installation of multiphase pumps on the wellhead platform continued during the half and the pump installation is expected to be completed during H2 FY2018, providing support for production improvements. Other planned production improvement initiatives include infill drilling, workovers and re-perforating.

The operator is progressing with internal studies and is expected to propose an appraisal well in the Manaia Moki reservoirs. Cue is undertaking technical and commercial analysis of the concept in preparation for a decision during H2 FY2018.

TARANAKI PENINSULA LOCATION MAP - NEW ZEALAND

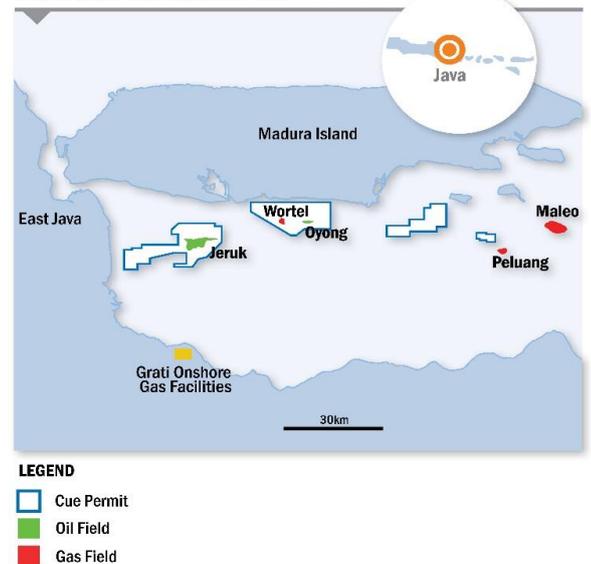


Indonesia
Sampang PSC
Cue Interest: 15%
Operator: Santos (Sampang) Pty Ltd

The conversion of the Sampang PSC to a gas only project was completed during December 2017. The operation involved the removal of the offshore oil production facilities, the Floating Storage and Offtake (FSO) vessel and the replacement of the leased onshore compressor with Joint Venture owned equipment. The project was completed safely and on time and budget.

There were some foreseen disruptions to production while the project was undertaken but both Oyong and Wortel fields have returned to normal production levels. With the conversion to gas only production, operating costs are budgeted to reduce significantly, extending the field's economic life.

SAMPANG PSC LOCATION MAP



In December 2017, the Sampang Joint Venture approved the drilling of the Paus Biru-1 exploration well, targeting the Mundu gas reservoirs at the Paus Biru Prospect, 27km east of the Oyong field. The well is currently planned for Q4CY2018. In a success case, the gas would be produced through the Oyong infrastructure and has the potential to add reserves to extend the life of the Sampang PSC.

Additionally, in the Oyong field, perforations in the Oyong-4 and Oyong-9 wells were completed. Both these perforations were successful, with Oyong-4 upper gas column now contributing to production and Oyong 9 flowing gas from a previously untested upper section. Analysis of the implications of the Oyong-9 test on the Oyong field resource are underway.

EXPLORATION

INDONESIA

Mahakam Hilir PSC

Cue Interest: 100%

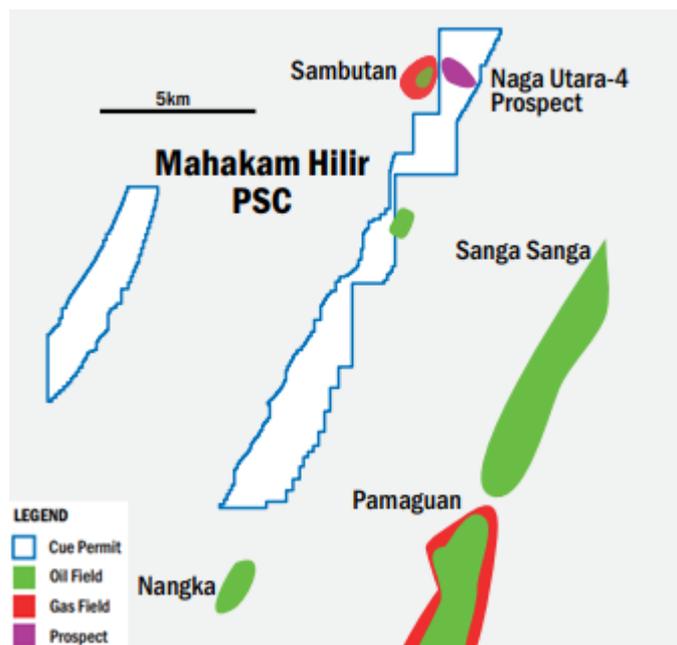
Operator: Cue Kalimantan Pte Ltd

During H1 FY2018, Cue completed seismic reprocessing of 2D data, petrophysical analysis of 4 newly available wells, gravity modelling and structural re-interpretation integrating all data into an updated prospect model of the Naga Utara area.

Twenty four 2D seismic lines were reprocessed with modern technologies to PSDM, providing a significant uplift in data quality and increasing the resolution of the fault blocks within the area of interest.

Petrophysical analysis of producing well data from the Sambutan field wells and the 1930s Sambutan-8 well within the Mahakam Hilir PSC, supports the existence of 100 metres of hydrocarbon bearing sand interpreted from the Sambutan-8 well log. Well planning activities for the Naga Utara-4 appraisal well to twin the Sambutan-8 well are progressing.

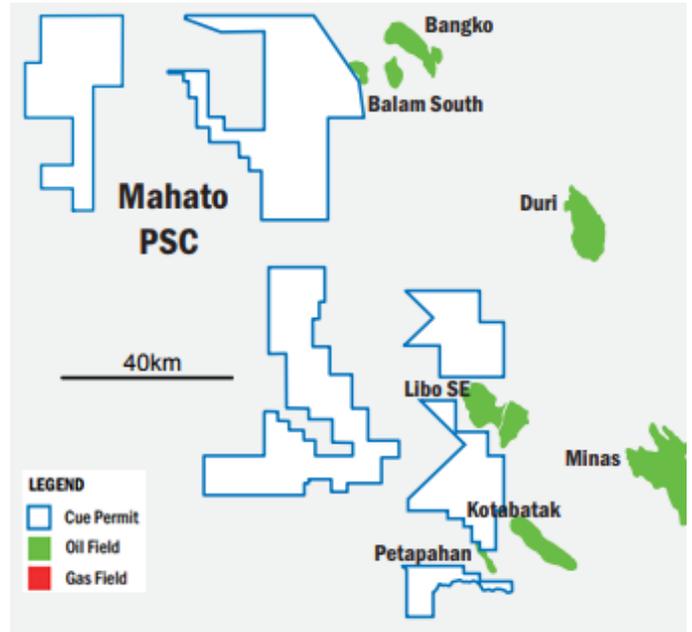
Cue continued discussion with the Indonesian regulator, SKKMigas, for a variation to the work program to enable the May 2018 optional well commitment to be deferred until the end of 2018, and with potential farminees to participate in the well.



Mahato PSC
Cue Interest: 12.5%
Operator: Texcal Mahato Ltd

The Mahato partners continue discussions to move forward with exploration and sign a legally binding Operating Agreement.

Operator discussions with SKKMigas, on a potential extension to the exploration period of the permit, which is due to expire in July 2018, are continuing.



AUSTRALIA

WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

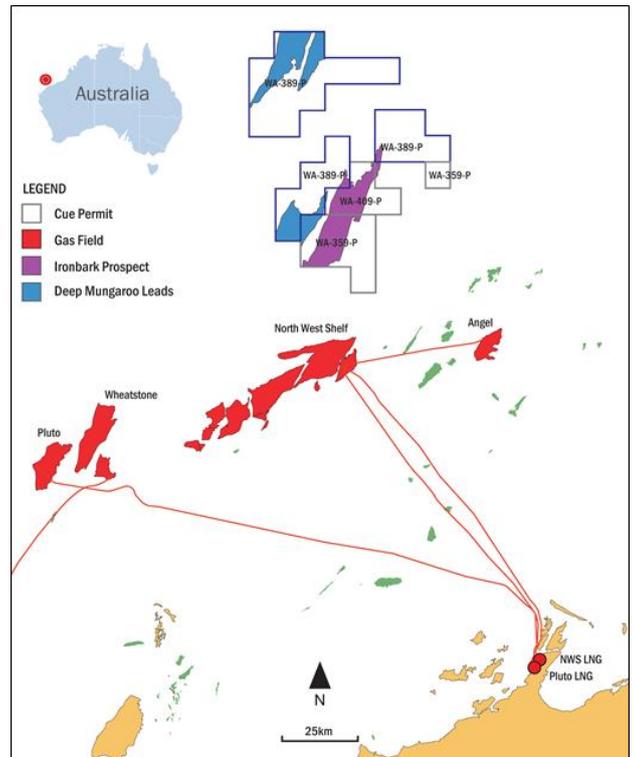
In November 2017, Cue announced a farmout agreement with Beach Energy Limited for 21% equity in WA-359-P.

Under the terms of the agreement, Beach will acquire 21% equity and free carry Cue for 4% of the cost of drilling the Ironbark-1 Exploration well in WA-359-P and reimburse Cue \$900,000 for past costs.

The agreement is conditional on BP exercising its option to acquire 42.5% equity in WA-359-P, Cue obtaining an extension to the current permit end date and other customary approvals.

In December, Cue agreed to extend BP's WA-359-P equity option until 25th April 2018. Through the BP and Beach agreements, 75% of the funding for the Ironbark-1 well has been conditionally secured. Discussions are continuing on funding options for the remainder of the well cost.

Cue is preparing to submit a Suspension and Extension application to NOPTA to allow time for new technical information to be incorporated into the Ironbark-1 well planning process. The permit is currently due to end on the 25th April 2018.



WA-409-P

Cue Interest: 20%

Operator: BP Developments Australia Pty Ltd

Cue has granted Beach Energy an option over 7.5% equity in exploration permit WA-409-P, which, if exercised by Beach will result in a free carry for 7.5% of the Cue's costs of drilling a well and Cue receiving a 10% royalty on all future revenue from Beach's equity. The option may be exercised until July 2019.

BP, as Operator of WA-409-P, are continuing with the interpretation of recently reprocessed 3D seismic data over WA-409-P.

WA-389-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

Cue increased its equity in WA-389-P to 100% and became operator of the permit.

A 24 month suspension of the Year 4 work commitment until October 2019 and extension of the permit term until October 2020 has been granted to allow geological and geophysical studies to fully assess the prospectivity of several identified Deep Mungaroo leads within the permit.

Cue Energy Resources Limited
Directors' report
31 December 2017

The directors present their report, together with the financial report, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cue Energy Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

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

Mr. Grant A. Worner
Mr. Koh Ban Heng
Mr. Duncan Saville (resigned 14 December 2017)
Ms. Melanie Leydin (appointed 14 December 2017)

Chief Executive Officer

Mr. Matthew Boyall

Chief Financial Officer/Company Secretary

Ms. Melanie Leydin

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.

Dividends

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

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$3.44 million (31 December 2016: loss of \$12.44 million).

During the half year, the Group earned production revenue of \$12.75 million (2016: \$18.13 million) and incurred production costs of \$9.08 million (2016: \$11.65 million).

Refer to the detailed Review of Operations preceding this Directors' report.

Significant changes in the state of affairs

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

Rounding of amounts

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

Auditor's independence declaration

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

Cue Energy Resources Limited
Directors' report
31 December 2017

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Board



Grant A. Worner
Non-Executive Chairman

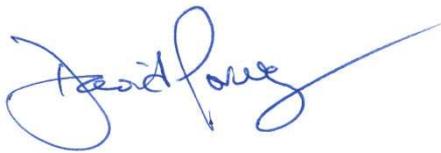
19 February 2018

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF CUE ENERGY RESOURCES LIMITED

As lead auditor for the review of Cue Energy Resources Limited for the half-year ended 31 December 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



David Garvey
Partner

BDO East Coast Partnership

Melbourne, 19th February 2018

Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Consolidated	
	31 December	31 December
Note	2017	2016
	\$'000	\$'000
Revenue		
Production revenue from continuing operations	12,754	18,128
Production costs	<u>(9,083)</u>	<u>(11,654)</u>
Gross Profit from production	3,671	6,474
Other income	207	35
Net foreign currency exchange (loss)/gain	(99)	377
Expenses		
Impairment - Production	-	(6,386)
Exploration and evaluation expenditure	(790)	(3,841)
Administration expenses	<u>4 (1,259)</u>	<u>(3,427)</u>
Profit/(loss) before income tax expense from continuing operations	1,730	(6,768)
Income tax benefit/(expense)	<u>1,705</u>	<u>(3,402)</u>
Profit/(loss) after income tax expense from continuing operations	3,435	(10,170)
Loss after income tax expense from discontinued operations	<u>-</u>	<u>(2,312)</u>
Profit/(loss) after income tax expense for the half-year	3,435	(12,482)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	-	(42)
Reversal of Non-Controlling interest	<u>-</u>	<u>669</u>
Total comprehensive income for the half-year	<u><u>3,435</u></u>	<u><u>(11,855)</u></u>
Total comprehensive income for the half-year is attributable to:		
Owners of Cue Energy Resources Limited	3,435	(12,437)
Non-Controlling Interest	<u>-</u>	<u>(45)</u>
	<u><u>3,435</u></u>	<u><u>(12,482)</u></u>
	Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Cue Energy Resources Limited		
Basic earnings per share	0.49	(1.46)
Diluted earnings per share	0.49	(1.46)
Earnings per share for loss from discontinued operations attributable to the owners of Cue Energy Resources Limited		
Basic earnings per share	-	(0.32)
Diluted earnings per share	-	(0.32)
Earnings per share for profit/(loss) attributable to the owners of Cue Energy Resources Limited		
Basic earnings per share	0.49	(1.78)
Diluted earnings per share	0.49	(1.78)

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

Cue Energy Resources Limited
Statement of financial position
As at 31 December 2017

		Consolidated	
	Note	31 December 2017 \$'000	30 June 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents		11,336	12,420
Trade and other receivables		5,140	4,372
Inventories		782	547
Total current assets		<u>17,258</u>	<u>17,339</u>
Non-current assets			
Property, plant and equipment		30	38
Production properties	5	<u>29,059</u>	<u>30,082</u>
Total non-current assets		<u>29,089</u>	<u>30,120</u>
Total assets		<u>46,347</u>	<u>47,459</u>
Liabilities			
Current liabilities			
Trade and other payables		2,728	3,931
Tax liabilities	8	1,137	3,942
Provisions		53	475
Total current liabilities		<u>3,918</u>	<u>8,348</u>
Non-current liabilities			
Deferred tax liabilities		3,353	3,401
Provisions		9,770	9,839
Total non-current liabilities		<u>13,123</u>	<u>13,240</u>
Total liabilities		<u>17,041</u>	<u>21,588</u>
Net assets		<u>29,306</u>	<u>25,871</u>
Equity			
Contributed equity	6	152,416	152,416
Accumulated losses		<u>(123,110)</u>	<u>(126,545)</u>
Total equity		<u>29,306</u>	<u>25,871</u>

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

Cue Energy Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2016	152,416	42	(109,245)	(624)	42,589
Loss after income tax expense for the half-year	-	-	(12,437)	(45)	(12,482)
Other comprehensive income for the half-year, net of tax	-	(42)	-	669	627
Total comprehensive income for the half-year	-	(42)	(12,437)	624	(11,855)
Balance at 31 December 2016	<u>152,416</u>	<u>-</u>	<u>(121,682)</u>	<u>-</u>	<u>30,734</u>

Consolidated	Contributed equity \$'000	Foreign Currency Translation Reserve \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2017	152,416	-	(126,545)	-	25,871
Profit after income tax benefit for the half-year	-	-	3,435	-	3,435
Total comprehensive income for the half-year	-	-	3,435	-	3,435
Balance at 31 December 2017	<u>152,416</u>	<u>-</u>	<u>(123,110)</u>	<u>-</u>	<u>29,306</u>

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

Cue Energy Resources Limited
Statement of cash flows
For the half-year ended 31 December 2017

	Consolidated	
	31 December	31 December
	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	11,790	18,927
Interest received	76	28
Payments to suppliers (inclusive of GST)	(8,515)	(10,631)
Exploration and evaluation expenditure	(1,140)	(2,282)
Income tax paid	(1,148)	(3,682)
Royalties paid	(281)	(271)
GST refund	25	-
	<hr/>	<hr/>
Net cash from operating activities	807	2,089
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for production properties	(1,772)	(1,163)
Payments for plant and equipment	-	(11)
Proceeds from sale of Pine Mills	-	974
	<hr/>	<hr/>
Net cash used in investing activities	(1,772)	(200)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(965)	1,889
Cash and cash equivalents at the beginning of the financial half-year	12,420	20,490
Effects of exchange rate changes on cash and cash equivalents	(119)	536
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>11,336</u>	<u>22,915</u>

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

Note 1. General information

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19th February 2018.

Note 2. Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Note 3. Financial reporting by segments

Segment Information

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

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

At reporting date, the Group operates primarily in Australia but also has international operations in Indonesia and New Zealand.

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

Note 3. Financial reporting by segments (continued)

2017	Australia \$'000	NZ \$'000	Indonesia \$'000	Total \$'000
Revenue				
Production revenue from continuing operations	-	4,718	8,036	12,754
Total segment revenue	-	4,718	8,036	12,754
Earnings before interest expense, tax, impairments, E&E expenditure, depreciation and amortisation				
	(1,130)	2,756	3,611	5,237

2016	Australia \$'000	NZ \$'000	Indonesia \$'000	Disc. Ops USA* \$'000	Total \$'000
Revenue					
Production revenue from continuing operations	-	5,368	12,760	-	18,128
Production revenue from discontinuing operations	-	-	-	593	593
Total segment revenue	-	5,368	12,760	593	18,721
Earnings before interest expense, tax, impairments, E&E expenditure, depreciation and amortisation					
	(3,002)	2,207	7,997	(2,252)	4,950

	Australia \$'000	NZ \$'000	Indonesia \$'000	Total \$'000
TOTAL SEGMENT ASSETS				
Current assets	11,277	2,241	3,740	17,258
Non-current assets	30	21,378	7,681	29,089
Total 31 December 2017 Assets	11,307	23,619	11,421	46,347
Current assets	10,448	1,923	4,968	17,339
Non-current assets	38	21,857	8,225	30,120
Total 30 June 2017 Assets	10,486	23,780	13,193	47,459
TOTAL SEGMENT LIABILITIES				
Current Liabilities	308	1,042	2,568	3,918
Non-current Liabilities	37	9,673	3,413	13,123
Total 31 December 2017 Liabilities	345	10,715	5,981	17,041
Current Liabilities	1,680	1,079	5,589	8,348
Non-current Liabilities	24	9,500	3,716	13,240
Total 30 June 2017 Liabilities	1,704	10,579	9,305	21,588

Note 3. Financial reporting by segments (continued)

Reconciliation of earnings before interest expense, tax, impairments, exploration and evaluation expenditure, depreciation and amortisation (EBIDA) to Profit before Income Tax:

	Consolidated	
	31 December	31 December
	2017	2016
	\$'000	\$'000
EBITDA	5,237	7,202
Amortisation and depreciation expenses	(2,717)	(3,743)
Exploration and evaluation expenditure	(790)	(3,841)
Impairment write down	-	(6,386)
	<hr/>	<hr/>
Profit/(Loss) before income tax expense	<u>1,730</u>	<u>(6,768)</u>

Note 4. Administration expenses

	Consolidated	
	31 December	31 December
	2017	2016
	\$'000	\$'000
Depreciation of property, plant and equipment	8	12
Employee expenses	677	2,733
Superannuation contribution expense	59	-
Operating lease expenses	125	137
Other expenses	276	367
Business development expenses	114	178
	<hr/>	<hr/>
Total administration expenses	<u>1,259</u>	<u>3,427</u>

Note 5. Non-current assets - Production properties

	Consolidated	
	31 December	30 June
	2017	2017
	\$'000	\$'000
Production properties	<u>29,059</u>	<u>30,082</u>

Reconciliations

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

Consolidated	Total \$'000
Balance at 1 July 2017	30,082
Expenditure incurred	1,876
Amortisation expense	(2,708)
Abandonment provision	(191)
	<hr/>
Balance at 31 December 2017	<u>29,059</u>

Note 6. Equity - contributed equity

	Consolidated			
	31 December	30 June	31 December	30 June
	2017	2017	2017	2017
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>698,119,720</u>	<u>698,119,720</u>	<u>152,416</u>	<u>152,416</u>

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

Note 7. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 31 December 2017.

In 2016, as a result of an economic project arrangement in the Jeruk field within the Sampang PSC, Indonesia, Cue had an obligation to reimburse certain monies spent by the incoming party from future profit oil within the Sampang PSC.

The matter was in dispute as to the quantum of monies that the incoming party was entitled to claim by way of such reimbursement and as to when it was payable. The dispute had been active since late 2011 and was settled through an arbitration hearing and an award was made.

On 23 May 2017, the Group made a payment of USD \$6.80 million in settlement of these monies owing.

Note 8. Events after the reporting period

On 2 February 2018, Cue received confirmation from the previous owners of SPC Mahakam Hilir Pte Ltd, SPC E&P Pte Ltd, that under the 2014 Sales and Purchase Agreement, Cue will be indemnified by SPC E&P Pte Ltd from any losses arising from the disputed notice of amended assessment in relation to the underpayment of 2011 tax by SPC Mahakam Hilir Pte Ltd. As a result, management has reversed \$2.58 million of the tax claim provision as at 31 December 2017.

Apart from the matter disclosed above, no other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Cue Energy Resources Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Grant A. Worner
Non-Executive Chairman

19 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cue Energy Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cue Energy Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey'. Above the signature is a small, stylized logo consisting of the letters 'BDO' in a circular arrangement.

David Garvey
Partner

Melbourne, 19th February 2018