Cue Energy Resources Limited

Annual Report

2017/18

About Us

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

Contents

WWW.CUENRG.COM.AU

Cover Image: Oyong Well Head Platform after conversion to gas only production.

Joint Operations

INDONESIA

Mahato PSC

Interests[1]

Texcal (Operator)	51%
Central Sumatra Energy	16.5%
Bow Energy	20%
Cue	12.50%

Mahakam Hilir PSC

Interests

Cue (Operator)	100%

Sampang PSC

Interests

Ophir Energy (Operator)	45%
SPC	40%
Cue	15%

AUSTRALIA

Carnarvon Basin Permits

Interests

WA-359-P	
Cue (Operator)	100%
WA-389-P	
Cue (Operator)	100%
WA-409-P	
Cue	20%
BP (Operator)	80%

NEW ZEALAND

Maari and Manaia Oil Fields

Interests

PMP 38160	
OMV (Operator)	69%
Horizon	26%
Cue	5%

[1] Approval pending from the Government of Indonesia for ownership changes to non-Cue participants.

Chairman’s Overview

Alastair McGregor

Dear Shareholders,

In this my first Chairman’s statement I am very pleased to report that we have had a smooth transition in ownership structure, with O.G. Oil & Gas acquiring a controlling interest in New Zealand Oil & Gas during 2018 and new members joining the Cue Board of Directors. The new board of directors combines both experience and diversification. We welcome Peter Hood and Richard Malcolm on to the board as independent directors with considerable experience in the oil and gas industry. The Cue board and management team intends to leverage this expertise to further develop and add value to the business.

Cue reported a profit of $7.74 million for the financial year 2018 and increased its cash reserves by $4.56 million to $16.98 million. This is a direct result of our improved cost control and increased revenues from the Maari fields, New Zealand and the Sampang PSC, Indonesia.

We see the Ironbark prospect in WA-359-P off Australia’s northwest shelf being at the center of the company’s strategy in the coming year. This is a world class exploration asset that the board is actively looking to pursue. Considerable work has been done to bring Ironbark to market. In doing so it has attracted interest from BP, who hold an option to acquire a 42.5% equity interest in the WA-359-P permit. Further, in November 2017, Beach Energy signed a farm-in agreement with Cue to take a 21% equity interest and fund 4% of Cue’s costs of the Ironbark-1 exploration well. The Beach Energy farm-in agreement is conditional on BP exercising its option. We are now exploring funding options for Cue’s share of the Ironbark-1 exploration well.

For a long time now Cue has had exposure to exploration and production in Indonesia. This is not always the easiest of operating environments, however we are pleased to see good progress in this geography. The Paus Biru-1 well in Sampang PSC, Indonesia is due to be drilled later this year. We believe that this well has the potential to increase gas production and extend the life of the permit.

I would like to take this opportunity to thank our staff in Australia and Indonesia. I acknowledge the work of the previous board and thank Matthew Boyall for managing the company during this time of change.

With a sustainable business and the exciting prospect of Iron bark, I look forward to a successful future for Cue.

Sincerely

Alastair McGregor
Non-Executive Chairman

24 September 2018

CEO Report and Overview of Operations and Finances

Matthew Boyall

During the FY2018 year, Cue achieved the strategic goals of stabilising and building a sustainable, cash flow positive business while maintaining exposure to step change opportunities.

The Sampang PSC underwent a significant change during the year, with cessation of oil production and conversion to a gas only project completed late in CY2017. The significantly lower operating costs and simplified systems of gas only production has made the Sampang PSC more sustainable and extended the life of the existing production significantly.

In addition, the Sampang Joint Venture has approved the drilling of the Paus-Biru -1 well. The well is expected to spud late October 2018 and will target the known producing Mundu reservoirs that are seen at Oyong and Wortel. Success with this well will further extend the life of the Oyong and Wortel fields.

Maari continued to provide Cue with consistent revenue and exposure to the increased oil price seen over the year.

The Ironbark prospect in WA-359-P continued to be a main focus for Cue and significant support for the opportunity was achieved with Beach Energy executing a farm in agreement for 21% equity in the Permit in November 2017. In addition, Cue extended BP's option over 42.5% equity until October 2018.

With a 15 Tcf prospective volume, Ironbark has the potential to dramatically change the value of Cue if successful. The company continues to progress well planning and review funding options, targeting a 2019 drill date.

Subsequent to June 30, 2018, Cue announced that a suspension and extension to the current permit term had been approved to 25th April 2019.

Financials

During the 2018 financial year, Cue produced strong financial results, with an after tax profit of $7.74 million, cashflow from Operations of $6.83 million and an increase in cash of $4.56 million.

Revenue of $24.5 million was a reduction on the previous year due to no oil revenue from Oyong field and lower Sampang gas production associated with the production system changes. The Oyong and Wortel fields are now stabilised at their long term production rates and annual revenues are expected to perform more predictably in future years.

The operating costs at Sampang are expected to halve under gas only production. Some of the benefits of this can be seen in the 25% reduction in Cue's production costs and only slight reduction in gross profit margin.

Overhead and administration costs were reduced significantly from previous years as Cue operated under a simplified and more focused model.

Production

NEW ZEALAND

PMP 38160

During the year, oil production from Maari averaged approximately 360 bopd to Cue (7200 bopd gross). Production was down from the previous year due to natural field decline and production interruptions while work was undertaken on the Well Head Platform (WHP) and individual wells over the year.

A number of significant projects were undertaken during the year to ensure the sustainability and life of the field. A workover of the MN1 well to deepen the Electric Submersible Pump (ESP) and complete new sections in the wellbore resulted in a 200% increase in production from the well. Workovers were also completed on other wells as part of routine maintenance or to gain access to new production zones.

Compression was successfully added to the Well Head Platform to lower the production pressure of the wells. Incremental production increases from this project are being seen and it is expected that further benefits will be realised in the future.

Permanent repairs to the Well Head Platform were completed early in FY2018 .

Production (Cont')

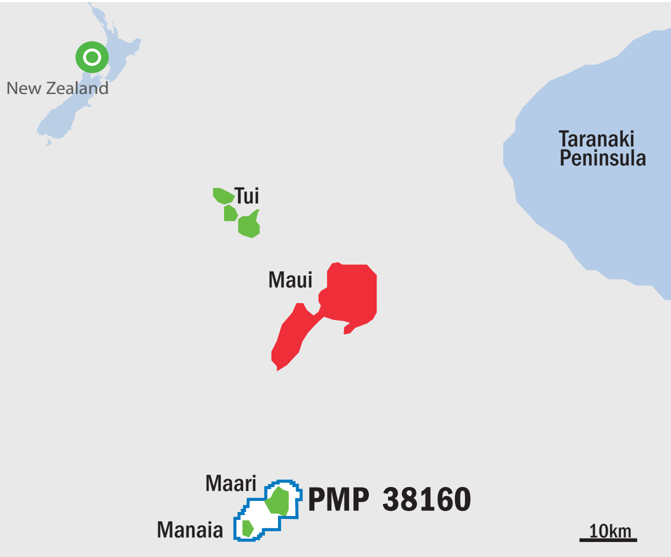
NEW ZEALAND (CONT')

PMP 38160 (Cont')

Planned conversion of the MR5 well to a Water Injector has been completed to provide pressure support and production enhancement for producing wells.

Sidetrack drilling opportunities are being investigated by the Operator and are expected to be assessed by the Joint Venture during this year. Reducing ongoing operating costs is also a focus of the Joint Venture.

TARANAKI PENINSULA LOCATION MAP – NEW ZEALAND



LEGEND

- Cue Permit
- Oil Field
- Gas Field
- Gas Condensate Field

INDONESIA

Sampang PSC

During FY2018, Oyong gas production averaged 1.5 mmcfd and Wortel gas production averaged 2.8 mmcfd net to Cue. Both these production numbers are lower than the previous year due to the reconfiguration of the production system to gas only. Future year's production is not expected to show such a change year on year.

The final phase of the Sampang Sustainability Project, the removal of the Seagood production facility and the installation of a new compressor at the Grati onshore gas processing plant was completed in December 2017. The Oyong field now produces gas only, which is sold directly to the Indonesia Power facility adjacent to the Joint Venture operated Grati gas processing plant. The gas is sold on long term fixed price contracts, which provides stable future revenues for Cue.

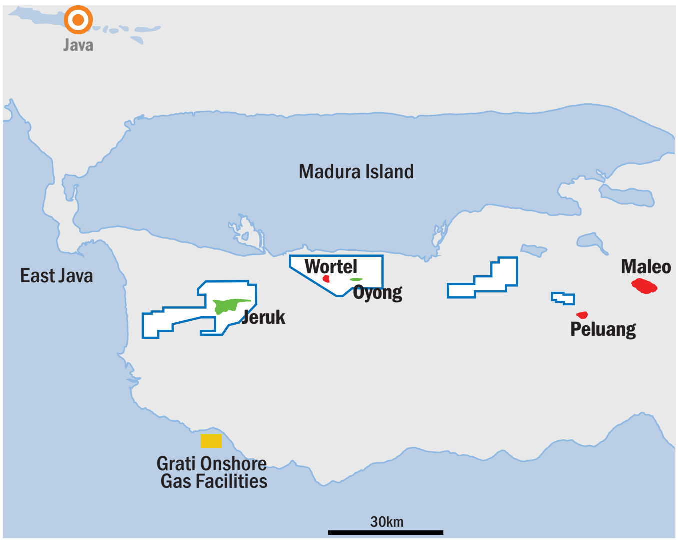
The conversion to a gas only project resulted in considerable reduction in operating costs in the Sampang PSC. These savings were only realised during the final 6 months of the financial year, and a full year of sustainable lower costs is anticipated to be achieved in FY2019 and beyond.

As part of ongoing review of production enhancement opportunities, the Joint Venture perforated and tested the Upper Mundu reservoir in the Oyong-9 well, a reservoir section which was previously untested sand thought to be non-productive. Oyong-9 flowed gas from the perforated section and has been contributing to production since. The Joint Venture is now assessing the results for further upside potential.

The Paus-Biru-1 exploration well, 27km East of the Oyong field was approved by the Sampang Joint venture during the year and is being finalised for drilling in late October 2018. The well is designed to test a four way dip structural closure and will target the Mundu globigerina formation, analogous to the gas producing zones at Oyong and Wortel. If successful, the field would be tied into the existing Oyong infrastructure.

The COSL HYSY 937 jackup drilling rig has been contracted to drill Paus Biru-1 and will be ready to drill after completing a series of nearby wells for another operator.

SAMPANG PSC LOCATION MAP – INDONESIA



Exploration

AUSTRALIA

WA-359-P

Cue is excited about the progress of the Ironbark gas prospect, which has the potential to add company changing value to Cue in the near term if successful.

Ironbark is a Deep Mungaroo Triassic gas prospect, which is located 50km from the Northwest Shelf LNG infrastructure at North Rankin, making it geographically and commercially well positioned to provide backfill to the existing LNG plants along the Western Australia coastline.

During the year, Cue executed an agreement with Beach Energy Limited (Beach), for Beach to acquire 21% equity in the WA-359-P. Under this agreement, Cue will be carried for 4% of the costs of drilling the Ironbark-1 well and Beach will reimburse Cue $900,000 for past costs. The agreement is conditional on BP exercising its option to acquire 42.5% equity in the WA-359-P and other customary approvals.

BP's option to acquire 42.5% equity in the WA-359-P permit and participate in the Ironbark-1 exploration well was extended during the year and currently expires in October 2018.

Both of the BP and Beach agreements include a funding commitment to Cue for a portion of the Ironbark-1 well cost. Cue is currently reviewing options to fund the remaining approximately 25% of the estimated well cost.

On 9 August 2018, a suspension of the current work commitment and extension of the permit term was approved until 25 April 2019.

WA-409-P

WA-409-P contains a portion of the Ironbark structure that could contain significant gas resource if Ironbark is successful in WA-359-P.

The Operator, BP, is mapping the Ironbark structure in WA-409-P using recently reprocessed seismic data. BP is funding Cue's share of primary term work commitment costs under a farmout agreement signed in October 2016.

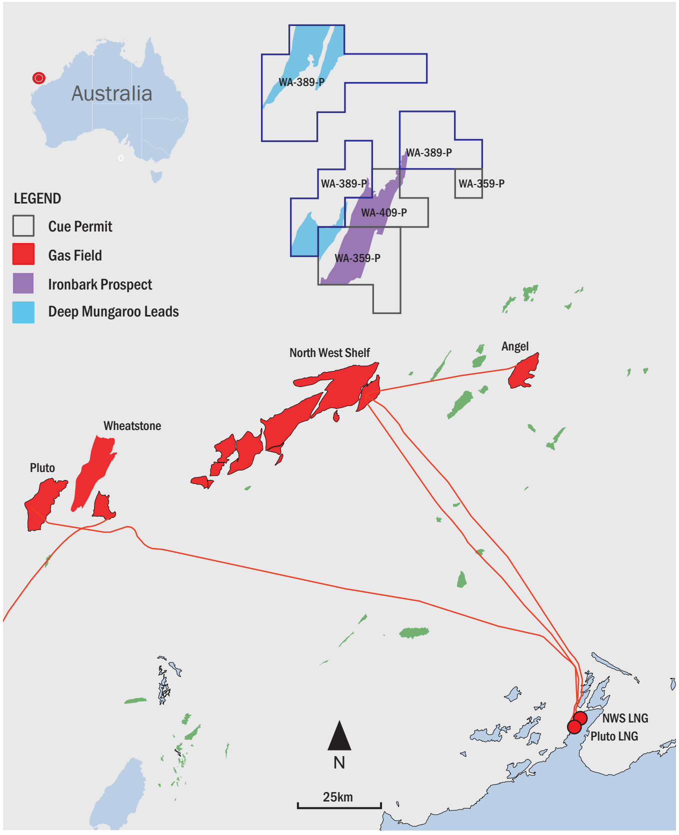
In November 2017, Cue granted Beach Energy an option to acquire 7.5% equity in WA-409-P. If exercised, this option includes a free carry to Cue for 7.5% of the costs of drilling a well in WA-409-P and a 10% royalty to Cue on all future revenue from Beach's 7.5% equity in the Permit. The option may be exercised until July 2019.

WA-389-P

WA-389-P contains a large structure and reservoir which Cue believes is similar to the Ironbark prospect.

A 2 year suspension to Year 4 of the permit term was approved in October 2017, which allows time for Cue to complete geological and geophysical studies over the area. A decision on entering Permit year 5 and committing to a well in WA-389-P is not required until October 2019.

CARNARVON BASIN LOCATION MAP – AUSTRALIA



INDONESIA

Mahakam Hilir PSC

Analysis of newly available data continued to support Cue's view of the Naga Utara-4 (NU-4) prospect in the Mahakam Hilir PSC.

This data included additional 2D seismic lines and well data from the Sambutan producing gas field, which lies adjacent to the Naga Utara prospect in an adjoining permit.

The revised geological model has also uncovered the potential for further exploration in other underexplored areas of the PSC.

A variation in the work programme was approved by the Indonesian Government which resulted in the 2 well work programme being deferred to May 2019. Cue is continuing with the planning process for the Naga Utara-4 well, which would test the 100m interpreted interbedded gas sands logged in the 1930s Sambutan 8 well.

Exploration (Cont')

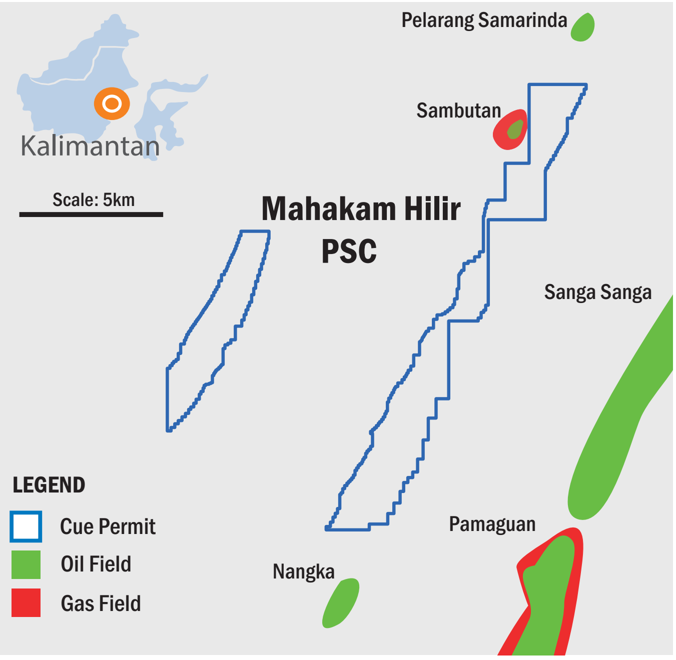
INDONESIA (CONT')

Mahakam Hilir PSC (Cont')

A farmout process is currently underway to attract a partner to participate in the permit.

Cue is proceeding with the plug and abandon of the Naga Selatan-2 well, which was drilled in January 2016. The works are expected to be started and completed during September 2018.

MAHAKAM HILIR PSC LOCATION MAP – INDONESIA



Mahato PSC

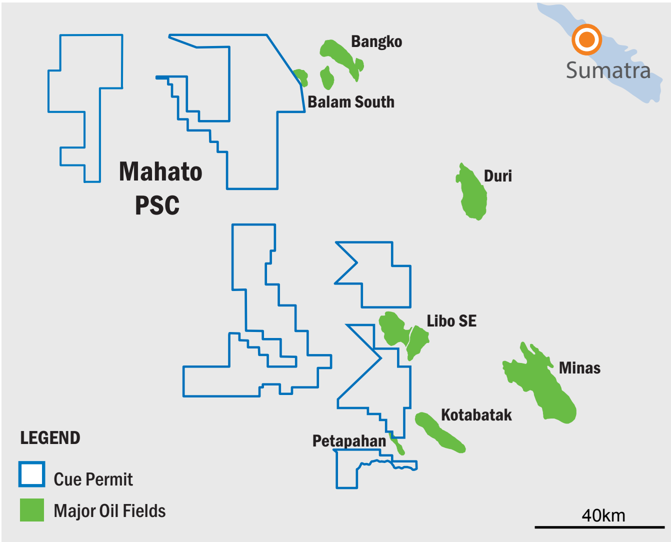
The Mahato PSC, is located in the highly prospective Central Sumatra Basin, close to the largest discovered Indonesian oilfields. During the year, exploration progress in the PSC has been delayed due to partner funding problems and the lack of a legally binding operating agreement.

Subsequent to June 30, 2018, Cue has been informed of changes in ownership structure of the other parties to the PSC, subject to Government of Indonesia approval, which the Company is hopeful will result in progress being made towards exploring this highly prospective permit.

The exploration term of the PSC officially ended on the 19th July 2018. Prior to this, the Operator, submitted an extension application to the Government of Indonesia for replacement of up to 2 years of time lost due to land ownership issues. The Operator has engaged with the government and Cue is optimistic about the extension being granted.

If the ownership changes and extension are approved, Cue believes that exploration of the PSC will proceed quickly, with the possibility of drilling 2 wells within 12-18 months.

MAHATO PSC LOCATION MAP – INDONESIA



CORPORATE

During the year, Cue Energy Resources Ltd and Cue Resources Inc. were named as defendants, along with a number of other companies, in litigation pending in Texas, USA in relation to the Pine Mills oilfield. Cue Energy Resources Ltd and Cue Resources Inc. believe the suit has no merit and have filed motions to dismiss the proceedings.

Reserves and Resources

Net To Cue Energy Resources Limited As At 30 June 2018

RESERVES		PROVED (1P)				PROVED & PROBABLE (2P)			
		DEVELOPED		UNDEVELOPED		DEVELOPED		UNDEVELOPED	
FIELD (LICENCE)	CUE INTEREST	OIL & CONDEN-SATE	GAS	OIL & CONDEN-SATE	GAS	OIL & CONDEN-SATE	GAS	OIL & CONDEN-SATE	GAS
		MMBBL	BCF	MMBBL	BCF	MMBBL	BCF	MMBBL	BCF
NEW ZEALAND									
Maari (2)	5%	0.28	-	0.03	-	0.55	-	0.12	-
INDONESIA (1)									
Oyong (3)	15%	-	1.11	-	-	-	1.72	-	-
Wortel (2)	15%	0.01	2.28	0.002	0.62	0.02	3.87	0.005	0.93
Total Reserves		0.29	3.39	0.032	0.62	0.57	5.59	0.125	0.93

CONTINGENT RESOURCES				
FIELD (LICENCE)	CUE INTEREST		OIL & CONDENSATE	GAS
			MMBBL	BCF
INDONESIA				
Jeruk (Sampang PSC)	8%		1.24	-
Total Contingent Resources			1.24	0

Table numbers may not add up due to rounding

(1) Cue Indonesian reserves are net of Indonesian Government share of production.

(2) Maari and Wortel reserves are based on an independent technical review conducted by New Zealand Oil & Gas Limited (NZOG) and calculated using NZOG's technical recoverable quantities and Cue's cost and oil price assumptions. Deterministic methods were used for reserves.

(3) Oyong reserves are based on the Operator's reserve reporting at 1 Jan 2018 adjusted for production to 30 June 2018.

(4) Contingent resources are quantities of petroleum estimated to be potentially recoverable through development of known accumulations but which are not currently considered to be commercially recoverable due to one or more contingencies. The term 2C refers to a best estimate scenario of contingent resources. A 'best estimate' is the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

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.

Cue has engaged the services of New Zealand Oil & Gas Limited (NZOG) to independently assess the Maari and Wortel reserves.

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

Qualified Petroleum Reserves and Resources Evaluator Statement

The reserves assessment has been completed and approved by Daniel Leeman and is based on, and fairly represents, information and supporting documentation reviewed. Daniel has 9 years of experience within the petroleum industry. Daniel has a MENG in Mechanical Engineering with a diploma in Business Management, a MSc in Petroleum Engineering and is a certified professional Engineer with the Institute of Professional Engineers New Zealand. Daniel is also an active member of the Society of Petroleum Engineers, Association of International Petroleum Negotiators and the Royal Society of New Zealand.

Reserves are quantities of petroleum anticipated to be commercially recoverable from known accumulations from a given date forward; that are judged to be discovered, recoverable, commercial and remaining. Probable (2P) reserves have a 50 per cent chance or better of being technically and economically producible. Proven (1P) reserves are those with a 90 per cent chance or higher and Possible (3P) are those with a 10 per cent chance or lower of being technically and economically producible. Developed reserves are expected to be recovered from existing wells and facilities. Undeveloped reserves are quantities expected to be recovered through future investments (e.g. new wells, compressors, and other facilities). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty. Oil and gas reserves reported in this statement are as at 30 June 2018.

All reserves and resources reported refer to hydrocarbon volumes post-processing and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F. All reserves reported are net of equity and government take, where summation has been applied it has been conducted arithmetically, so some numbers presented in tables may not add due to rounding.

Daniel is currently an employee of New Zealand Oil & Gas Limited whom, at the time of this report, are a related party to Cue Energy. Daniel has been retained under a services contract by Cue Energy Resources Ltd (Cue) to prepare an independent report on the current status of the entity's reserves. As of the 23 August 2018, NZOG held an equity of 50.04% of Cue.

TABLE 1: Oil and Condensate Reserves and Resources Reconciliation with 30 June 2018

Proved Oil and Condensate Reserves (MMBBL)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2017 RESERVES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUI-SITIONS/ DIVESTMENTS**	**30 JUNE 2018 RESERVES**
INDONESIA						
Oyong (Sampang PSC)	15%	0.00	0.00	0.00	-	0.00
Wortel [1] (Sampang PSC)	15%	0.01	-0.003	0.01	-	0.01
NEW ZEALAND						
Maari [2] (PMP 38160)	5%	0.46	-0.13	-0.02	-	0.31
Total Proved Oil and Condensate Reserves		0.47	-0.13	-0.02	0.00	0.32

Proved & Probable Oil and Condensate Reserves (MMBBL)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2017 RESERVES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2018 RESERVES**
INDONESIA						
Oyong (Sampang PSC)	15%	0.00	0.00	0.00	0.00	0.00
Wortel [1] (Sampang PSC)	15%	0.03	0.00	0.00	0.00	0.01
NEW ZEALAND						
Maari [2] (PMP 38160)	5%	0.82	-0.13	-0.02	0.00	0.67
Total Proved & Probable Oil and Condensate Reserves		0.85	-0.13	-0.02	0.00	0.70

2C Contingent Oil and Condensate Resources (MMBBL)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2017 RESERVES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2018 RESERVES**
INDONESIA						
Jeruk (Sampang PSC)	8%	1.24	-	-	-	1.24
Total Contingent Oil and Condensate Resources		1.24	-	0	-	1.24

TABLE 2: Gas Reserves and Resources Reconciliation with 30 June 2018

Proved Gas Reserves (BCF) – 1P						
FIELD (LICENCE)	CUE INTEREST	30 JUNE 2017 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2018 RESERVES
INDONESIA						
Oyong [1] (Sampang PSC)	0.15	0.48	-0.57	1.20	-	1.11
Wortel [1] (Sampang PSC)	0.15	4.42	-1.02	-0.50	-	2.90
Total Proved Gas Reserves		4.90	-1.58	0.69	-	4.01

Proved & Probable Gas Reserves (BCF) – 2P						
FIELD (LICENCE)	CUE INTEREST	30 JUNE 2017 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2018 RESERVES
INDONESIA						
Oyong [1] (Sampang PSC)	0.15	1.55	-0.57	0.74	-	1.72
Wortel [1] (Sampang PSC)	0.15	6.68	-1.02	-0.86	-	4.80
Total Proved & Probable Oil and Condensate Reserves		8.23	-1.58	-0.13	-	6.52

Directors	Alastair McGregor (Non-Executive Chairman) Koh Ban Heng (Non-Executive Director) Andrew Jefferies (Non-Executive Director) Peter Hood (Non-Executive Director) Rebecca DeLaet (Non-Executive Director) Richard Malcolm (Non-Executive Director) Rod Ritchie (Non-Executive Director) Samuel Kellner (Non-Executive Director)
Chief Executive Officer	Matthew Boyall
Chief Financial Officer and Company Secretary	Melanie Leydin
Registered office	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia Telephone: 61 3 8610 4000 Fax: 61 3 9614 2142
Principal place of business	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia Telephone: 61 3 8610 4000 Fax: 61 3 9614 2142
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, VIC 3067 Australia Telephone: 61 3 9415 5000 Fax: 61 3 9473 2500
Auditor	BDO East Coast Partnership Collins Square, Tower Four Level 18, 727 Collins Street Melbourne, VIC 3000 Australia
Stock exchange listing	Cue Energy Resources Limited securities are listed on the Australian Securities Exchange. (ASX code: CUE)
Website	www.cuenrg.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cue Energy Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

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

Alastair McGregor (appointed 23 February 2018)
Koh Ban Heng
Andrew Jefferies (appointed 23 February 2018)
Peter Hood (appointed 23 February 2018)
Rebecca DeLaet (appointed 11 April 2018)
Richard Malcolm (appointed 23 February 2018)
Rod Ritchie (appointed 23 February 2018)
Samuel Kellner (appointed 23 February 2018)
Grant Worner (resigned 23 April 2018)
Melanie Leydin (appointed Executive Director on 14 December 2017, resigned on 23 February 2018)
Duncan Saville (resigned 14 December 2017)

Chief Executive Officer

Matthew Boyall (appointed 1 July 2017)

Chief Financial Officer/Company Secretary

Melanie Leydin (appointed 3 July 2017)

Principal activities

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

Corporate governance statement

Details of the Company's corporate governance practices are included in the Corporate Governance Statement set out on the Company's website. This URL on the website is located at: http://www.cuenrg.com.au/irm/content/corporate-directory.aspx?RID=295

Dividends

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

Financial performance

The profit for the consolidated entity after providing for income tax amounted to $7.74 million (30 June 2017: loss of $17.34 million).

The net assets of the consolidated entity increased by $7.40 million to $33.27 million as at 30 June 2018. (30 June 2017: $25.87 million). Working capital, being current assets less current liabilities, was $16.62 million (30 June 2017: $8.99 million).

The consolidated entity achieved positive cashflow from operating activities of $6.83 million for year ended 30 June 2018. The consolidated entity ended the year with cash and cash equivalents of $16.98 million and no debt.

Refer to the detailed CEO Report and Overview of Operations and Finances preceding this Director's Report.

Significant changes in the state of affairs

During the 2018 financial year, O.G. Oil & Gas (Singapore) Pte. Ltd. acquired 69.87% interest in New Zealand Oil & Gas (Cue's immediate parent entity), consequently became the ultimate parent entity of Cue Energy Resources Limited.

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

Matters subsequent to the end of the financial year

On 9 August 2018, the consolidated entity announced that its 100% owned subsidiary, Cue Exploration Pty Ltd, has received notification from the National Offshore Petroleum Titles Administrator (NOPTA) of the approval of a 12 month suspension of Exploration Permit WA-359-P Permit Year 3, 4 and 5 work program commitments, a Year 4 work commitment variation, and a 12 month extension of the permit until 25 April 2019.

The suspension and extension will allow time for detailed well planning using newly available data and preparing for drilling the Ironbark-1 well, targeted for 2019.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The following activities may affect the expected results of operations:

- Farming down or funding alternatives for WA-359-P exploration permit, Western Australia
- Farming down or funding alternatives for the Mahakam Hilir PSC, Indonesia
- Actively seeking to acquire additional production

Environmental regulation

Within the last year there have been zero incidents, zero lost time injuries and zero significant spills within Cue Energy Resources. Among the joint venture operations there have been a number of 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 venture operation partners and operators to improve overall health and safety and minimise any impact on the environment.

Information on directors

Name:	Alastair McGregor
Title:	Non-Executive Chairman (appointed as Non-Executive Director on 23 February 2018, becoming Chairman of the Board on 24 April 2018)
Qualifications:	BEng, MSc
Experience and expertise:	Alastair McGregor is a director of New Zealand Oil & Gas Limited. Alastair has been actively involved in the oil and gas sector since 2003. He is currently chief executive of O.G. Oil & Gas Limited, a company that holds directly or indirectly oil & gas exploration and production interests onshore and offshore. In addition, Alastair is also chief executive of Omni Offshore Terminals Limited, a leading provider of floating, production, storage and offloading (FSO and FPSO) solutions to the offshore oil and gas industry. Omni's operations have spanned the globe from New Zealand, Australia, South East Asia, Middle East and South America. Prior to entering the oil and gas industry Alastair spent 12 years as a banker with Citigroup and Salomon Smith Barney. Alastair holds a BEng from Imperial College, London and an MSc from Cranfield University in the UK.
Other current directorships:	New Zealand Oil & Gas Limited
Former directorships (last 3 years):	None
Interests in shares:	None

Name:	Mr. Koh Ban Heng
Title:	Non-Executive Director
Qualifications:	BSc (Hons), GDipBA
Experience and expertise:	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. He also serves as Advisor to Dialog Group Berhad of Malaysia.
Other current directorships:	Tipco Asphalt Ltd PLC Director, Chung Cheng High School Ltd registered in Singapore Chairman of Audit and Risk Committee, Keppel Infrastructure Holdings Pte Ltd Member of Audit and Risk Committee, and Member of Remuneration and Nomination Committee, Keppel Infrastructure Fund Management Pte Ltd
Former directorships (last 3 years):	None
Interests in shares:	None

Name:	Andrew Jefferies
Title:	Non-Executive Director (appointed 23 February 2018)
Qualifications:	BE Hons (Mechanical), MBA, MSc in petroleum engineering, GAICD, Certified Petroleum Engineer
Experience and expertise:	Mr. Jefferies is managing director of New Zealand Oil & Gas Limited. He started his career with Shell in Australia after graduating with a BE Hons (Mechanical) from the University of Sydney in 1991, an MBA in technology management from Deakin University in Australia, and an MSc in petroleum engineering from Heriot - Watt University in Scotland. Andrew is also a graduate of the Australian Institute of Company Directors (GAICD), and a Certified Petroleum Engineer with the Society of Petroleum Engineers. He has worked in oil and gas in Australia, Germany, the United Kingdom, Thailand and Holland.
Other current directorships:	New Zealand Oil & Gas Limited
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk Committee Chair, Remuneration and Nomination Committee
Interests in shares:	8,000 fully paid ordinary shares
Interests in options:	None

Name:	Peter Hood
Title:	Non-Executive Director
Experience and expertise:	Mr. Hood is a professional chemical engineer with 45 years' experience in the development of projects in the resources and chemical industries. He began his career with WMC Ltd and then was chief executive officer of Coogee Chemicals Pty Ltd and Coogee Resources Ltd from 1998 to 2009. He is a graduate of the Harvard Business School Advanced Management Programme and is currently Chairman of Matrix Composites and Engineering Ltd and a non-executive director of GR Engineering Ltd. He has been Vice- Chairman of the Australian Petroleum Production and Exploration Association Limited (APPEA), Chairman of the APPEA Health Safety and Operations Committee, and is a past President of the Western Australian and Australian Chambers of Commerce and Industry.
Other current directorships:	GR Engineering Ltd Matrix Composites and Engineering Ltd Mossgrove Nominees Pty Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk Committee
Interests in shares:	80,000 fully paid ordinary shares

Name:	Rebecca DeLaet
Title:	Non-Executive Director (appointed 11 April 2018)
Qualifications:	M.Fin, B.Sicence
Experience and expertise:	Ms. DeLaet has worked for the Ofer Global Group of companies since 1990. For the last ten years she has overseen the Group's finance activities, including debt and equity financing, treasury operations and risk management. Ms. DeLaet was responsible for the initial structuring and capitalisation of Omni Offshore Terminals' assets in 1994, establishing an independent oil and gas arm for the Ofer Global Group. Since then, she has been responsible for all of the financing activities for the Omni organisation. Ms DeLaet has a Masters in Finance and Bachelor of Science from the Wharton School at the University of Pennsylvania.
Other current directorships:	New Zealand Oil & Gas Limited
Former directorships (last 3 years):	None
Special responsibilities:	Chair, Audit and Risk Committee
Interests in shares:	None

Name:	Richard Malcolm
Title:	Non-Executive Director (appointed 23 February 2018)
Experience and expertise:	Richard Malcolm is a professional geoscientist with 34 years of varied oil and gas experience within seven international markets. He began his career as a Petroleum Geologist with Woodside Petroleum in Perth exploring for oil and gas on the Northwest Shelf. He spent ten years with Ampolex Limited (Perth and Sydney) as a Senior Explorationist and then Exploration Manager in Western Australia and Asset Manager in Northern & Eastern Australia. Following Mobil's takeover of Ampolex, Mr Malcolm was appointed manager of Mobil's assets in Papua New Guinea. Three years later he joined OMV, initially as Exploration Manager for Australia & New Zealand and later as Exploration & Reservoir Manager for OMV Libya, General Manager Norway and in 2006, Managing Director of OMV UK. Between 2008 and 2013, Mr Malcolm was chief executive of Gulfsands Petroleum plc, an AIM listed production, exploration and development company with operations in Syria, Tunisia, Morocco, USA and Colombia. He is currently a director of Larus Energy Limited.
Other current directorships:	Larus Energy Limited
Former directorships (last 3 years):	Puravida Energy NL
Special responsibilities:	Member, Remuneration and Nomination Committee
Interests in shares:	None

Name:	Rod Ritchie
Title:	Non-Executive Director (appointed 23 February 2018)
Qualifications:	B.Sc
Experience and expertise:	Mr. Ritchie is a director of New Zealand Oil & Gas Limited. Rod joined the board of New Zealand Oil & Gas in 2013. He graduated with a BSc, University of Tulsa. He has 38 years of experience as a line manager and a Health, Safety, Security and Environment executive in the oil and gas industry – including being the corporate senior vice president of HSSE at OMV based in Vienna. He is a member of the Society of Petroleum Engineers.
Other current directorships:	New Zealand Oil & Gas Limited Sparc NZ
Former directorships (last 3 years):	None
Special responsibilities:	Member, Remuneration and Nomination Committee
Interests in shares:	None

Name:	Samuel Kellner
Title:	Non-Executive Director (appointed 23 February 2018)
Qualifications:	BA, MBA
Experience and expertise:	Mr. Kellner is the Chairman of New Zealand Oil & Gas Limited. He has held a variety of senior executive positions with the Ofer Global Group since joining the Group in 1980. He has been deeply involved in all Ofer Global Group's business lines, with a particular emphasis on offshore oil and gas, shipping and real estate, and has advised Ofer Global Group companies on investments with a variety of investment managers, hedge funds and private equity funds. Most recently, Mr. Kellner served as President of Global Holdings Management Group (US) Inc. where he led North American real estate acquisition, development and financing activities. Mr. Kellner serves as an Executive Director of the main holding companies for the Zodiac Maritime Limited shipping group and Omni Offshore Terminals Limited, a leading provider of floating, production, storage and offloading (FSO and FPSO) solutions to the offshore oil and gas industry. Mr Kellner graduated with a BA degree from Hebrew University in Jerusalem. He has an MBA from the University of Toronto, and taught at the University of Toronto while working toward a PhD in Applied Economics.
Other current directorships:	New Zealand Oil & Gas Limited Miller Global Properties, LLC Omni Offshare Terminals Pte Ltd Zodiac Shipping Group
Former directorships (last 3 years):	None
Interests in shares:	None

Name:	Grant Worner
Title:	Non-Executive Chairman (resigned on 23 April 2018)
Qualifications:	BE (Chemical 1st Hons), MBA, GAICD
Experience and expertise:	Mr Worner has more than 25 years' experience in the oil industry with more than 22 years working for BP in 3 continents. He has led teams and businesses in exploration, trading, refining, and marketing in Europe, the US, Papua New Guinea, New Zealand and Australia.

Name:	Melanie Leydin
Title:	Executive Director (appointed 14 December 2017, resigned on 23 February 2018)
Qualifications:	B.Business, CA, RCA
Experience and expertise:	Ms. Leydin has 25 years' experience in the accounting profession including 13 years in the Corporate Secretarial professions and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. Since February 2000, she has been the principal of Leydin Freyer, specialising in outsourced company secretarial and financial duties.

Name:	Duncan Saville
Title:	Non-Executive Director (resigned 14 December 2017)
Qualifications:	BCom (Hons), BSc (Hons), FCA, F Fin, FAICD
Experience and expertise:	Mr. Saville is a Chartered Accountant. He is an experienced non-executive director who has held directorships in the resource, utility & technology sectors, both in listed and unlisted companies. In addition, he is Chairman of ICM Limited an International Funds Management Company. Duncan is a Fellow of both Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Melanie Leydin

Ms. Leydin was appointed Company Secretary on 3 July 2017.

Ms. Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Chartered accounting firm, Leydin Freyer.

The practice provides outsourced company secretarial and accounting services to public and private companies specialising in the resources, technology, bioscience and biotechnology sector.

Melanie has over 25 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Alastair McGregor*	2	2	-	-	-	-
Koh Ban Heng	8	9	-	-	2	2
Andrew Jefferies*	2	2	-	-	-	-
Peter Hood*	2	2	-	-	-	-
Rebecca DeLaet**	1	1	-	-	-	-
Richard Malcolm*	2	2	-	-	-	-
Rod Ritchie*	2	2	-	-	-	-
Samuel Kellner*	1	2	-	-	-	-
Grant Worner***	8	8	-	-	2	2
Melanie Leydin****	1	1	-	-	-	-
Duncan Saville*****	5	6	-	-	1	2

Held: represents the number of meetings held during the time the director held office.

* Alastair McGregor, Andrew Jefferies, Peter Hood, Richard Malcom, Rod Ritchie and Samuel Kellner were appointed on 23 February 2018.
** Rebecca DeLaet was appointed on 11 April 2018.
*** Grant Worner resigned from the Board on 23 April 2018.
**** Melanie Leydin was appointed as Executive Director on 14 December 2017 and resigned on 23 February 2018.
***** Duncan Saville resigned from the Board on 14 December 2017.

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 2018, in accordance with the Corporations Act 2001 and its regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The prescribed details for each person covered by this report are detailed below under the following headings:

(A) Director and Executive Details
(B) Remuneration Policy
(C) Details of Remuneration
(D) Equity Based Remuneration
(E) Relationship between Remuneration Policy and Company Performance

(A) Director and executive details
The following persons acted as Directors of the company during or since the end of the financial year:
- Alastair McGregor (appointed Non-Executive Director on 23 February 2018, became Chairman of the Board on 24 April 2018)
- Koh Ban Heng (Non-Executive Director)
- Andrew Jefferies (Non-Executive Director) - appointed 23 February 2018
- Peter Hood (Non-Executive Director) - appointed 23 February 2018
- Rebecca DeLaet (Non-Executive Director) - appointed 11 April 2018
- Richard Malcolm (Non-Executive Director) - appointed 23 February 2018
- Rod Ritchie (Non-Executive Director) - appointed 23 February 2018
- Samuel Kellner (Non-Executive Director) - appointed 23 February 2018
- Grant Worner (Non-Executive Chairman) - resigned 23 April 2018
- Melanie Leydin (Executive Director) - appointed 14 December 2017, resigned on 23 February 2018)
- Duncan Saville (Non-Executive Director) - resigned 14 December 2017

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.

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

- Matthew Boyall (Chief Executive Officer) - appointed 1 July 2017
- Melanie Leydin (Chief Financial Officer/Company Secretary) - appointed 3 July 2017

(B) Remuneration policy
The Board's policy for remuneration of Executives and Directors is detailed below.

Remuneration packages are set at levels that are intended to attract and retain high calibre directors and employees and align the interest of the Directors and Executives with those of the company's shareholders. The Remuneration policy is established and implemented solely by the Board.

Remuneration and other terms and conditions of employment are reviewed annually by the Board having regard to performance and relevant employment market information. As well as a base salary, remuneration packages include superannuation, termination entitlements and fringe benefits.

The Board is conscious of its responsibilities in relation to the performance of the Company. Directors and Executives are encouraged to hold shares in the Company to align their interests with those of shareholders.

No remuneration or other benefits are paid to Directors or Executives by any subsidiary companies.

(C) Details of remuneration
The structure of non-executive Director and Executive remuneration is separate and distinct.

Non-Executive Directors

Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time. The amount currently approved is $700,000, which was approved at the Annual General Meeting held on 24 November 2011. The Company's policy is to remunerate Non-Executive Directors at a fixed fee based on their time involvement, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual or company performance, however, to align Directors' interests with shareholders' interests, Non-Executive Directors are encouraged to hold shares in the Company. The Board retains the discretion to award options or performance rights to Non-Executive Directors based on the recommendation of the Board, which is always subject to shareholder approval.

Alastair McGregor, Andrew Jefferies, Rebecca DeLaet and Samuel Kellner have elected not to be paid by the Company.

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, non-monetary benefits and consultancy fees
- Short term incentive programme
- Long term employee benefits

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 2018, the Board 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 on 1 July each year. There is no guaranteed base salary increase included in any executive's contracts.

Cash Bonuses

A cash bonus was paid during this financial year. Details are disclosed in remuneration table below.

Employment contracts

Remuneration and other terms of employment for key executives Matthew Boyall is formalised in service agreement. Details of the agreement is as follows:

Matthew Boyall
Title: CEO (appointed 1 July 2017)
Agreement commenced on 1 July 2017.
Details: Base salary of $300,000 per annum plus superannuation to be reviewed annually by the Board. Mr Boyall is also entitled up to 20% of the base salary at the discretion of the Board at the end of each year dependent on the success of meeting key deliverables.

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 - 2018

2018	Short-term benefits: Cash salary and fees $	Cash bonuses $	Non-monetary benefits $	Consulting fees $	Long service leave $	Post employment: Super-annuation $	Termination payments $	Total $
Directors								
*Alastair McGregor(i)	-	-	-	-	-	-	-	-
Koh Ban Heng	47,500	-	-	-	-	-	-	47,500
*Andrew Jefferies (i)	-	-	-	-	-	-	-	-
Peter Hood (i)	13,151	-	-	-	-	-	-	13,151
*Rebecca DeLaet (i)	-	-	-	-	-	-	-	-
Richard Malcolm (i)	12,010	-	-	-	-	1,141	-	13,151
Rod Ritchie (i)	13,151	-	-	-	-	-	-	13,151
*Samuel Kellner (i)	-	-	-	-	-	-	-	-
Grant Worner (iii)	60,976	-	-	-	-	-	-	60,976
Melanie Leydin (iv)	7,400	-	-	-	-	-	-	7,400
Duncan Saville (v)	17,018	-	-	-	-	-	-	17,018
Other Key Management Personnel:								
Matthew Boyall	300,000	25,774	-	-	6,798	20,049	-	352,621
	471,206	25,774	-	-	6,798	21,190	-	524,968

*Alastair McGregor, Andrew Jefferies, Rebecca DeLaet and Samuel Kellner have elected not to be paid by the Company.
(i) Alastair McGregor, Andrew Jefferies, Peter Hood, Richard Malcolm, Rod Ritchie and Samuel Kellner were appointed on 23 February 2018.
(ii) Rebecca DeLaet was appointed on 11 April 2018.
(iii) Grant Worner resigned on 23 April 2018.
(iv) The balance disclosed represents the director fees paid to Melanie Leydin in her compacity as an Executive Director between 14 December 2017 and 23 February 2018. The Company also paid $108,000 for the year ended 30 June 2018 to Leydin Freyer Corp Pty Ltd (which Melanie is a Director) in respect of Company Secretarial and Accounting services. This has not been disclosed in the remuneration table.

2017	Short-term benefits: Cash salary and fees $	Cash bonuses** $	Non-monetary benefits (i) $	Consulting fees $	Long service leave $	Post employment: Super-annuation $	Termination payments $	Total $
Name								
Grant Worner	75,000	-	-	347,967	-	19,616	-	442,583
Duncan Saville (ii)	32,609	-	-	-	-	-	-	32,609
Koh Ban Heng	43,505	-	-	-	-	-	-	43,505
Brian Smith (iii)	29,959	-	-	-	-	-	-	29,959
*Andrew Knight (iv)	9,986	-	-	-	-	-	-	9,986
Other Key Management Personnel:								
Andrew Knox (v)	332,010	-	19,703	-	-	35,000	1,102,786	1,489,499
Jeffrey Schrull (vi)	207,828	-	-	-	-	8,437	-	216,265
Matthew Boyall (vii)	-	-	-	-	-	-	-	-
	730,897	-	19,703	347,967	-	63,053	1,102,786	2,264,406

* Andrew Knight director fee paid directly to NZOG.
(i) Non-performance based salary sacrifice benefits, including motor vehicle expenses.
(ii) Duncan Saville appointed 18 August 2016.
(iii) Brian Smith resigned 24 November 2016.
(iv) Andrew Knight resigned 18 August 2016.
(v) Andrew Knox was made redundant on 3 July 2017; Termination payment comprises of: Unused Annual Leave $167,602; Unused Long Service Leave $215,838; Termination payment $719,346.
(vi) Jeffrey Schrull resigned 5 December 2016.
(vii) Matthew Boyall appointed to the position of CEO on 1 July 2017.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2018	2017	2018	2017	2018	2017
Directors:						
Koh Ban Heng	100%	100%	-	-	-	-
Peter Hood	100%	-	-	-	-	-
Richard Malcolm	100%	-	-	-	-	-
Rod Ritchie	100%	-	-	-	-	-
Grant Worner	100%	100%	-	-	-	-
Melanie Leydin	100%	-	-	-	-	-
Duncan Saville	100%	100%	-	-	-	-
Brian Smith	-	100%	-	-	-	-
Andrew Knight	-	100%	-	-	-	-
Other Key Management Personnel:						
Matthew Boyall	93%	-	7%	-	-	-
Andrew Knox	-	100%	-	-	-	-
Jeffrey Schrull	-	100%	-	-	-	-

All remuneration paid to Matthew Boyall was incurred by the parent entity.

Matthew Boyall was appointed as Director of all the subsidiaries in the Group on 4 July 2017. Andrew Jefferies was appointed as Director of all the subsidiaries (except for Cue Kalimantan Pte Ltd) in the Group on 23 April 2018.

(D) Equity based remuneration

Overview of share options and performance rights

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.

No share options or performance rights were granted during the financial year to 30 June 2018 (2017: nil).

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

(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 2018.

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018	2017	2016	Restated 2015	2014
	$'000	$'000	$'000	$'000	$'000
Production income from continuing operations	24,547	35,000	45,412	36,704	32,246
Profit/(Loss) before income tax expense from continuing operations	5,058	(6,975)	(79,599)	26,916	753
Profit/(Loss) after income tax benefit/(expense)	7,739	(15,032)	(84,399)	32,191	(2,166)
Total Key Management Personnel Remuneration	525	2,264	2,419	2,061	1,713

	2018	2017	2016	2015	2014
Share price at start of year (cents)	5.50	8.10	7.60	12.00	11.00
Share price at end of year (cents)	5.70	5.50	8.10	7.60	12.00
Basic earnings/(loss) per share (cents)	1.11	(2.48)	(12.44)	5.86	(0.31)
Diluted earnings/(loss) per share (cents)	1.11	(2.48)	(12.44)	5.86	(0.31)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Balance on date of Board appointment	Additions	Disposals/ other	Balance at the end of the year
[1]*Ordinary shares**					
Non-Executive Directors					
Andrew Jefferies	-	8,000	-	-	8,000
Peter Hood	-	80,000	-	-	80,000
Andrew Knox**	4,458,251	-	-	(4,458,251)	-
	4,458,251	88,000	-	(4,458,251)	88,000

* Alastair McGregor, Koh Ban Heng, Rebecca DeLaet, Richard Malcolm, Rod Ritchie, Grant Worner, Melanie Leydin, Duncan Saville and Matthew Boyall do not hold any fully paid ordinary shares.
** Andrew Knox was made redundant on 3 July 2017; his shareholding is no longer disclosed in this table.
[1]NZOG Offshore Limited (a related entity to Alastair McGregor, Andrew Jefferies, Rebecca DeLaet, Rod Richie and Samuel Kellner) holds 349,368,803 fully paid ordinary shares in Cue.

This concludes the remuneration report, which has been audited.

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statement.

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 and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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.

Auditor

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

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Board

Alastair McGregor
Non-Executive Chairman

24 August 2018

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

As lead auditor of Cue Energy Resources Limited for the year ended 30 June 2018, 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.

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 24 August 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Alastair McGregor
Non-Executive Chairman

24 August 2018

Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $'000	2017 $'000
Revenue			
Production revenue from continuing operations		24,547	35,000
Production costs	5	(16,526)	(21,860)
Gross profit from production		8,021	13,140
Other income	6	432	219
Net foreign currency exchange gain/(loss)		475	(451)
Expenses			
Impairment - Production	7	-	(6,386)
Exploration and evaluation expenditure	9	(1,509)	(8,369)
Administration expenses	8	(2,361)	(5,128)
Profit/(loss) before income tax benefit/(expense) from continuing operations		5,058	(6,975)
Income tax benefit/(expense)	10	2,681	(8,057)
Profit/(loss) after income tax benefit/(expense) from continuing operations		7,739	(15,032)
Loss after income tax expense from discontinued operations	11	-	(2,312)
Profit/(loss) after income tax benefit/(expense) for the year		7,739	(17,344)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(340)	(42)
Reversal of Non-Controlling interest		-	669
Other comprehensive income for the year, net of tax		(340)	627
Total comprehensive income for the year		7,399	(16,717)
Profit/(loss) for the year is attributable to:			
Owners of Cue Energy Resources Limited		7,739	(17,299)
Non-controlling interest		-	(45)
		7,739	(17,344)
Total comprehensive income for the year is attributable to:			
Owners of Cue Energy Resources Limited			
Continuing operations		7,399	(14,405)
Discontinued operations		-	(2,267)
		7,399	(16,672)
Non-controlling interest			
Continuing operations		-	-
Discontinued operations		-	(45)
Non-controlling interest		-	(45)
		7,399	(16,717)

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

Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $'000 Cents	2017 $'000 Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	29	1.11	(2.15)
Diluted earnings per share	29	1.11	(2.15)
Earnings per share for loss from discontinued operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	29	-	(0.32)
Diluted earnings per share	29	-	(0.32)
Earnings per share for profit/(loss) attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	29	1.11	(2.48)
Diluted earnings per share	29	1.11	(2.48)

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

	Note	Consolidated 2018 $'000	2017 $'000
Assets			
Current assets			
Cash and cash equivalents		16,983	12,420
Trade and other receivables	12	7,593	4,372
Inventories		519	547
Total current assets		25,095	17,339
Non-current assets			
Property, plant and equipment		24	38
Production properties	13	26,814	30,082
Deferred tax assets	10	2,733	-
Total non-current assets		29,571	30,120
Total assets		54,666	47,459
Liabilities			
Current liabilities			
Trade and other payables	14	3,456	3,931
Tax liabilities	10	4,946	3,942
Provisions	16	69	475
Total current liabilities		8,471	8,348
Non-current liabilities			
Deferred tax liabilities	15	3,052	3,401
Provisions	16	9,873	9,839
Total non-current liabilities		12,925	13,240
Total liabilities		21,396	21,588
Net assets		33,270	25,871
Equity			
Contributed equity	17	152,416	152,416
Reserves		(340)	-
Accumulated losses		(118,806)	(126,545)
Total equity		33,270	25,871

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

Cue Energy Resources Limited
Statement of changes in equity
For the year ended 30 June 2018

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	(109,246)	(624)	42,588
Loss after income tax expense for the year	-	-	(17,299)	(45)	(17,344)
Other comprehensive income for the year, net of tax	-	(42)	-	669	627
Total comprehensive income for the year	-	(42)	(17,299)	624	(16,717)
Balance at 30 June 2017	152,416	-	(126,545)	-	25,871

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 year	-	-	7,739	-	7,739
Other comprehensive income for the year, net of tax	-	(340)	-	-	(340)
Total comprehensive income for the year	-	(340)	7,739	-	7,399
Balance at 30 June 2018	152,416	(340)	(118,806)	-	33,270

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

Cue Energy Resources Limited
Statement of cash flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		25,682	35,608
Interest received		172	160
Payments to suppliers (inclusive of GST)		(13,666)	(16,312)
Exploration and evaluation expenditure		(1,832)	(13,900)
Income tax paid		(2,972)	(6,736)
Royalties paid		(552)	(470)
Net cash from/(used in) operating activities	28	6,832	(1,650)
Cash flows from investing activities			
Payments with respect to production properties		(2,766)	(6,434)
Payments for plant and equipment		-	(11)
Proceeds from disposal of investments		-	974
Net cash used in investing activities		(2,766)	(5,471)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		4,066	(7,121)
Cash and cash equivalents at the beginning of the financial year		12,420	20,490
Effects of exchange rate changes on cash and cash equivalents		497	(949)
Cash and cash equivalents at the end of the financial year		16,983	12,420

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 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 24 August 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Summary of significant accounting policies

Cue Energy Resources Limited is a for-profit Public Company listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The financial statements are presented in Australian Dollars, which is the parent entity's functional currency. 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 24.

Note 2. Summary of significant accounting policies (continued)

(d) Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cue Energy Resources Limited (''company'' or ''parent entity'') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Cue Energy Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

Non-controlling interest 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.

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

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

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

(f) 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.

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

Note 2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment

Class of Fixed Asset	Depreciation Rate
Office and computer equipment	20-40%

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.

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

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

(k) Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

(l) Foreign currency
Functional and presentation currency

The Group's relevant functional currency is the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars, as this is the Group's presentation currency.

Transactions and balances

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

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

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

Note 2. Summary of significant accounting policies (continued)

Foreign operations

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

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

(m) 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 2018. 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
The consolidated entity holds the following financial instruments (refer note 19):
- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables

The classification of its financial instruments will not change under the new accounting standard. Therefore, management does not expect the adoption of this accounting standard will have a material impact on the Group's financial performance.

AASB 15 Revenue from Contracts with Customers
Management performed detailed assessment using the five step model to determine the potential impact consequential to AASB 15 adoption.

Step 1: Identify the contracts with the customers and consider the potential combination of contracts.
The consolidated entity holds contracts with operators, joint venture partners and customers in Indonesia and New Zealand where production income is generated.

Step 2: Identify separate performance obligations
Crude oil - the contract indicates a principal agency relationship between the consolidated entity and the buyer, whether the buyer ensures to sell crude oil lifted for the consolidated entity. The performance obligation is to provide crude oil for passage to the permanent flange connection of the receiving vessel. This constitutes a single performance obligation.

Gas - the sales contract indicates the performance obligation is to deliver gas to the buyer at agreed delivery pressure. This constitutes a single performance obligation.

Step 3: Determine the transaction price
Crude oil - the consolidated entity entitles to receive sales revenue from each cargo of crude oil at a price agreed with 3rd party and the operator. This constitutes as a fixed price consideration.

Gas - the transaction price for delivering performance obligation is predetermined in the sales contract.

Step 4: Allocate the transaction price
The transaction price is allocated 100% to the single performance obligation.

Step 5: Recognise revenue when a performance obligation is satisfied
Crude Oil: the performance obligation is satisfied at a point in time when crude oil is delivered to the buyer.

Gas: the performance obligation is satisfied during the month when gas is delivered to the buyer.

The assessment indicates that the pattern of revenue recognition will retain the same under *AASB 15 Revenue from Contracts with Customers* as it has been recognised under *AASB 118 Revenue*. Therefore management does not believe the adoption of this accounting standard will have any impact to revenue recognition.

AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019)
The consolidated entity will adopt this standard from 1 July 2019. The standard will affect primarily the accounting for the consolidated entity's operating leases. As at reporting date, the consolidated entity has non-cancellable operating leases commitments of $0.1 million (refer to note 23). Management does not expect the adoption of this accounting standard will have a material impact on the consolidated entity's financial position.

Note 3. Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The 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 judgement 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 are only recognised if management considers it is probable that future tax profits will be available to utilise the unused tax losses. $2.73 million deferred tax assets on Maari restoration provision were recognised as at 30 June 2018 (2017: Nil) (refer to note 10).

(ii) Impairment of production properties
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 properties
As detailed at note 13 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.

(v) 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.

Note 4. Financial reporting by segments

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

The CODM assesses the performance of the operating segments based upon 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. On 18 December 2017, the Group deregistered its wholly owned subsidiary, Cue Resources Inc. The remaining debtor was fully written off. Therefore, the Group is organised into three principle geographic segments: Australia, New Zealand and Indonesia. These segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessment performance and in determining the allocation of resources.

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

2018	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
Revenue				
Revenue from continuing operations	-	10,616	13,931	24,547
Production expenses (excluding amortisation)	-	(5,058)	(6,038)	(11,096)
Gross profit (excluding amortisation)	-	5,558	7,893	13,451
Other revenue	431	-	1	432
Impairment - production	-	-	-	-
Exploration and evaluation expenditure	(336)	-	(1,173)	(1,509)
Foreign exchange movement	519	(312)	268	475
Earnings before interest expense, tax, depreciation and amortisation	(1,732)	5,245	6,989	10,502

2017	Australia $'000	NZ $'000	Indonesia $'000	USA* $'000	Disc. Ops USA* $'000	Total $'000
Revenue						
Revenue from continuing operations	-	10,485	24,515	-	-	35,000
Revenue from discontinuing operations	-	-	-	-	593	593
Production expenses (excluding amortisation)	-	(5,708)	(9,756)	(34)	(845)	(16,343)
Gross profit (excluding amortisation)	-	4,777	14,759	(34)	(252)	19,250
Other revenue	215	-	4	-	123	219
Impairment - production	-	(6,386)	-	-	-	(6,386)
Exploration and evaluation expenditure	(2,490)	6	(5,885)	-	-	(8,369)
Foreign exchange movement	(407)	-	(34)	(10)	29	(422)
Earnings before interest expense, tax, depreciation and amortisation	(7,780)	(1,603)	8,844	(44)	(2,252)	(2,835)

* discontinued operations

Note 4. Financial reporting by segments (continued)

	Australia $'000	NZ $'000	Indonesia $'000	Total $'000
TOTAL SEGMENT ASSETS				
Current Assets	17,027	2,414	5,654	25,095
Non-current Assets	24	22,538	7,009	29,571
Total 30 June 2018 Assets	**17,051**	**24,952**	**12,663**	**54,666**
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	353	1,392	6,725	8,471
Non-current Liabilities	41	9,760	3,124	12,925
Total 30 June 2018 Liabilities	**394**	**11,152**	**9,849**	**21,396**
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**

Major customers

The Group has a number of customers to whom it provides both oil and gas products. The Group supplies a single external customer in the gas segment who accounts for 100% of external gas revenue (2017: 100%).

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

	Consolidated	
	2018 $'000	**2017 $'000**
EBITDA	10,502	(2,835)
Depreciation	(14)	(32)
Amortisation	(5,430)	(6,420)
Profit/(Loss) before income tax expense (including discontinued operations)	5,058	(9,287)

Note 5. Production costs

	Consolidated	
	2018 $'000	**2017 $'000**
Production costs	(11,096)	(15,498)
Amortisation of production properties	(5,430)	(6,362)
	(16,526)	(21,860)

Note 6. Other income

	Consolidated	
	2018 $'000	2017 $'000
Interest from cash and cash equivalents	173	154
Other income	259	65
	432	219

Accounting policy for 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 recognised 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.

Accounting policy for 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.

Note 7. Impairment - Production

At 30 June 2018 the Group reassessed the carrying amount of its oil and gas assets, Production Properties (refer note 13), 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. There was no impairment over the production assets for the year ended 30 June 2018.

In 2017 financial year, the Maari production asset was impaired by $6.39m to ensure that its closing carrying value of $21.86 million less the abandonment provision of $9.5 million was less than its recoverable value of $12.36 million. The abandonment provision was deducted from the carrying value of the asset as the cost of abandonment was included in its cost base. This adjustment was necessary to allow an equitable comparison of its carrying value against its recoverable value.

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% (2017: 14.3%) equivalent to post-tax discount rates of 10% (2017:10%) 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.

Accounting policy for Impairment

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

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

Impairment losses 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.

Note 8. Administration expenses

	Consolidated	
	2018 $'000	2017 $'000
Depreciation of property, plant and equipment	14	32
Employee expenses*	1,232	3,647
Superannuation contribution expense	100	169
Operating lease expenses	341	290
Other expenses	556	808
Business development expenses	118	182
Total administration expenses	2,361	5,128

*2017 balance includes one off office restructuring costs of $1.75 million.

Note 9. Exploration and evaluation expenditure

	Consolidated	
	2018 $'000	2017 $'000
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
Exploration Costs Expensed		
Sampang PSC	147	3,953
Mahakam Hilir PSC	821	1,768
Mahato PSC	205	164
WA-359-P	206	162
WA-389-P	60	311
WA-409-P	70	2,017
PEP51313	-	(25)
PEP54865	-	19
Total exploration and evaluation expenditure	1,509	8,369

Accounting policy for exploration and evaluation project expenditure

AASB 6 Exploration for and Evaluation of Mineral Resources allows the Group to either capitalise or expense the exploration and evaluation expenditure incurred. From the 2016 financial year, the Group elected to expense all exploration and evaluation expenditure against profit and loss as incurred, until a decision to proceed to development is made, in which case the expenditure is capitalised as an asset.

Note 10. Income tax expense

	Consolidated 2018 $'000	Consolidated 2017 $'000
Income tax expense		
Current tax	2,970	6,564
Adjustment recognised for current tax in prior periods	7	(319)
Current tax (reversal)/recognition related to Cue Kalimantan	(2,578)	2,578
Deferred tax	(3,080)	(766)
Aggregate income tax (benefit)/expense	(2,681)	8,057
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax expense/(benefit) from continuing operations	5,058	(6,975)
Loss before income tax expense from discontinued operations	-	(2,312)
	5,058	(9,287)
Tax at the statutory tax rate of 30%	1,517	(2,786)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unrealised foreign exchange movements	(168)	119
Non-deductible / (deductible) mining deductions	-	54
Unrecognised temporary differences	(1,200)	906
Unrecognised tax losses	1,794	4,180
Recognition of deferred tax assets (i)	(2,733)	-
Difference in overseas tax rates	680	3,325
	(110)	5,798
Adjustment recognised for current tax in prior periods	(2,571)	2,259
Income tax (benefit)/expense	(2,681)	8,057

(i) During the year there was a change in New Zealand tax laws which now allow a refundable credit for activities to restore certain sites to their original condition. The deferred tax asset of $2.7 million relating to the Maari restoration provision, which was previously not recognised in the financial statements, has been recognised as at 30 June 2018.

Cue has an ongoing Indonesian Tax matter relating to a notice of amended assessment which is being disputed by Cue Kalimantan Pte Ltd on behalf of SPC E&P Pte Ltd. Cue is indemnified by SPC for any losses arising from this disputed notice of assessment and has recognised a liability and receivable on the balance sheet.

Current tax liabilities	4,946	3,942

	Consolidated 2018 $'000	Consolidated 2017 $'000
Deferred tax assets recognised		
Restoration provision - Maari	2,733	-
Total deferred tax assets recognised	2,733	-

Note 10. Income tax expense (continued)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Restoration provision	-	2,660
Employee provisions	33	150
Tax losses	34,333	27,712
Less deferred tax liabilities not recognised - Production properties	(901)	(667)
Less deferred tax liabilities not recognised - Inventories	(156)	(153)
Net deferred tax assets not recognised	33,309	29,702

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Accounting policy for Income tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Cue Energy Resources Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime effective 1 July 2010.

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.

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.

Note 11. Discontinued operations

Description
On 1 November 2016, Cue Resources Inc. (a wholly owned subsidiary of Cue Energy Resources Limited) sold its interest in Pine Mills production property in East Texas. On 18 December 2017, Cue Resources Inc. was wound up and deregistered.

Financial performance information

	Consolidated	
	2018 $'000	2017 $'000
Production revenue	-	593
Foreign currency exchange gain	-	29
Total revenue	-	622
Operating expense	-	(845)
Amortisation expense	-	(60)
Loss on disposal	-	(1,360)
Total expenses	-	(2,265)
Loss before income tax expense	-	(1,643)
Income tax expense	-	-
Loss after income tax expense	-	(1,643)
Reversal of Non-controlling interest	-	(669)
Income tax expense	-	-
Loss on disposal after income tax expense	-	(669)
Loss after income tax expense from discontinued operations	-	(2,312)

Cash flow information

	Consolidated	
	2018 $'000	2017 $'000
Net cash used in operating activities	-	(446)
Net cash used in investing activities	-	(22)
Net decrease in cash and cash equivalents from discontinued operations	-	(468)

Note 11. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2018 $'000	2017 $'000
Bond	-	67
Accounts receivables	-	347
Acquisition cost	-	3,824
Capitalised expenditure	-	336
Pine Mills abandonment assets	-	554
Cheetah Rig Asset	-	115
Total assets	-	5,243
Acquisition carry	-	1,008
Capital contributions	-	67
Opex contributions	-	79
Abandonment provision	-	559
Pine Mills impairment write down	-	1,196
Total liabilities	-	2,909
Net assets	-	2,334

Details of the disposal

	Consolidated	
	2018 $'000	2017 $'000
Total sale consideration	-	974
Carrying amount of net assets disposed	-	(2,334)
Loss on disposal before income tax	-	(1,360)
Loss on disposal after income tax	-	(1,360)

Note 12. Current assets - trade and other receivables

	Consolidated	
	2018 $'000	2017 $'000
Trade receivables	3,639	4,241
Less: Provision for doubtful debts	-	(38)
Other receivables and prepayments	3,954	169
	7,593	4,372

Note 12. Current assets - trade and other receivables (continued)

The aging of trade receivables at the reporting date was as follows:

	Consolidated	
	2018 $'000	**2017 $'000**
Less than one month	2,850	1,711
1 to 6 months overdue	789	2,492
	3,639	4,203

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

$38K impaired receivables from 2017 financial year has been written off during 2018 financial year.

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

Accounting policy for trade and other receivables
Trade 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.

Note 13. Non-current assets - Production properties

	Consolidated	
	2018 $'000	**2017 $'000**
Production properties	26,814	30,082

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

Consolidated	Total $'000
Balance at 1 July 2016	42,564
Impairment - production from continuing operations	(6,386)
Expenditure during the year	3,349
Amortisation expense from continuing operations	(6,362)
Changes in abandonment provision - production	(3,083)
Balance at 30 June 2017	30,082
Expenditure during the year	2,640
Amortisation expense	(5,430)
Changes in abandonment provision – production (note 16)	(478)
Balance at 30 June 2018	26,814

Note 13. Non-current assets - Production properties (continued)

Net accumulated costs incurred on areas of interest	$'000
Joint Venture assets	
- Oyong and Wortel – Sampang PSC	7,009
- Maari – PMP 38160	19,805
Balance at 30 June 2018	26,814

Accounting policy for production properties
Production properties are carried at the reporting date at cost less accumulated amortisation and accumulated impairment losses. Production properties represent the accumulation of all exploration, evaluation, development and acquisition costs in relation to areas of interest in which production licences have been granted.

Amortisation of costs is 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.

Accounting policy for 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.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2018 $'000	2017 $'000
Trade payables and accruals	3,414	3,860
Amounts due to directors and director related entities	42	71
	3,456	3,931

Refer to note 19 for further information on financial instruments.

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

Accounting policy for 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.

Note 15. Non-current liabilities - deferred tax liabilities

	Consolidated	
	2018 $'000	2017 $'000
Deferred tax liability recognised comprise of		
Production properties	3,084	3,539
Less deferred tax assets - Restoration provision	(32)	(138)
Deferred tax liability	3,052	3,401

Note 16. Non-current liabilities - provisions

	Consolidated	
	2018 $'000	2017 $'000
Employee benefits	41	24
Restoration	9,832	9,815
	9,873	9,839

Movements in each class of provision during the financial year are set out below:

	2018 $'000	2017 $'000
Balance sheet movement (note 13)	(478)	(3,083)
P&L movement	495	(41)
Total	17	(3,124)

Accounting policy for provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

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. Expected timing of outflow of restoration liabilities is not within the next 12 months from the reporting date.

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

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.

Note 16. Non-current liabilities - provisions (continued)

Accounting policy for employee benefits
The following liabilities arising in respect of employee benefits are measured at their nominal amounts:
- wages and salaries and annual leave expected to be settled within twelve months of the reporting date; and
- other employee benefits expected to be settled within twelve months of the reporting date.

All other employee benefit liabilities expected to be settled more than 12 months after the reporting date are measured at the present value of the estimated future cash outflows in respect of services provided up to the reporting date. Liabilities are determined after taking into consideration estimated future increase in wages and salaries and past experience regarding staff departures. Related on-costs are included.

Note 17. Equity - contributed equity

	Consolidated			
	2018 Shares	**2017 Shares**	**2018 $'000**	**2017 $'000**
Ordinary shares - fully paid	698,119,720	698,119,720	152,416	152,416

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

Accounting policy for contributed equity
Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Note 18. Equity - 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 will assess the capital structure of the entity to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2018 management did not pay any dividends (2017: nil).

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

Note 18. Equity - Capital management (continued)

The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are calculated as follows:

	Consolidated	
	2018 $'000	2017 $'000
Trade and other payables	(3,456)	(3,931)
Tax liabilities	(4,946)	(3,942)
Less cash and cash equivalents	16,983	12,420
Total Equity	30,537	25,871
Total capital	39,118	30,418

The gearing ratio is nil for both 2017 and 2018 financial year, as the Group does not have external debt other than trade payables and tax liabilities.

Note 19. 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	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Financial assets				
Cash and cash equivalents	16,983	12,420	16,983	12,420
Trade and other receivables	7,593	4,372	7,593	4,372
Non-traded financial assets	24,576	16,792	24,576	16,792
Financial liabilities				
Trade and other payables	3,456	3,931	3,456	3,931
Non-traded financial liabilities	3,456	3,931	3,456	3,931

Note 19. Financial instruments (continued)

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 2. In all instances the fair value of financial assets and liabilities approximates to their carrying value.

Basis for determining fair value

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.

(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	
	2018 $'000	2017 $'000
Cash and cash equivalents	16,983	12,420

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.

Note 19. Financial instruments (continued)

Based upon the balance of net exposure at the year end, 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	
	2018 $'000	**2017 $'000**
Impact on post-tax profit		
Interest rates +1%	170	124
Interest rates -1%	(170)	(124)
Impact on equity		
Interest rates +1%	170	124
Interest rates -1%	(170)	(124)

A movement of +1% and – 1% is selected because this is historically 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 2018			30 June 2017		
Consolidated	**USD $'000**	**NZD $'000**	**IDR $'000**	**USD $'000**	**NZD $'000**	**IDR $'000**
Financial assets						
Cash and cash equivalents	12,940	294	8	7,831	96	199
Trade and other receivables	7,215	65	15	4,203	93	15
Financial liabilities						
Trade and other payables	2,017	1,093	41	1,927	742	15

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	**NZD $'000**	**IDR $'000**	**2018 TOTAL $'000**
Impact on post-tax profit				
Exchange rates +10%	1,814	73	2	1,889
Exchange rates -10%	(1,814)	(73)	(2)	(1,889)
Impact on equity				
Exchange rates +10%	1,814	73	2	1,889
Exchange rates -10%	(1,814)	(73)	(2)	(1,889)

Note 19. Financial instruments (continued)

	Consolidated			
				2017
	USD $'000	NZD $'000	IDR $'000	TOTAL $'000
Impact on post-tax profit				
Exchange rates +10%	1,011	55	20	1,086
Exchange rates -10%	(1,011)	(55)	(20)	(1,086)
Impact on equity				
Exchange rates +10%	1,011	55	20	1,086
Exchange rates -10%	(1,011)	(55)	(20)	(1,086)

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 2018, the Group had no open oil price swap contracts (2017: nil).

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	
	2018 $'000	2017 $'000
Impact on post-tax profit		
US dollar oil price +20%	2,123	2,681
US dollar oil price -20%	(2,123)	(2,681)
Impact on equity		
US dollar oil price +20%	2,123	2,681
US dollar oil price -20%	(2,123)	(2,681)

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of + 20% 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.

Note 19. Financial instruments (continued)

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 2018.

	12 months or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Consolidated 2018				
Non-derivative financial liabilities				
Trade and other payable (Note 14)	3,456	-	-	-
	3,456			
Consolidated 2017				
Non-derivative financial liabilities				
Trade and other payables	3,931	-	-	-
	3,931	-	-	-

(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.

Note 20. Key management personnel disclosures and related party disclosures

Other key 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 superannuation, non-monetary benefits and consultancy fees
- Post employment benefits – superannuation
- Long term employee benefits

Note 20. Key management personnel disclosures and related party disclosures (continued)

	Consolidated	
	2018 $	2017 $
Short term employment benefits (including non-monetary benefits)	471,206	750,600
Cash bonuses	25,774	-
Consulting fees*	-	347,967
Post employment benefits	27,988	63,053
Termination payments**	-	1,102,786
Total employee benefits	524,968	2,264,406

*2017 Consulting fees relate to service agreement with Grant Worner (former Executive Chairman), which were completed on 30 June 2017.
**2017 balance consists of one off termination payment to Andrew Knox (former Chief Financial Officer).

Other related party transactions

During the financial year, the consolidated entity subleased part of its office at 357 Collins Street, Melbourne to VIX Mobility Pty Ltd, where Duncan Saville is the Chairman. The arrangement is on normal commercial terms. The consolidated entity received $259,474 in sublease income for the year ending 30 June 2018 (2017: 64,868).

During the financial year, the consolidated entity engaged Leydin Freyer Corp Pty Ltd (where Melanie Leydin is a Director) to provide CFO and company secretarial services. The arrangement is on normal commercial terms. The consolidated entity paid $108,000 in relation to these services for the year ending 30 June 2018 (2017: Nil).

Repayment of amounts owing to the Company as at 30 June 2018 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. No management fees were charged to subsidiaries in 2017 and 2018 financial year.

The ultimate parent company is O.G. Oil & Gas (Singapore) Pte. Ltd., a company incorporated in Singapore.

Note 21. Auditors remuneration

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

	Consolidated	
	2018 $	2017 $
Audit services -		
Audit or review of the financial statements	114,799	183,614
Other services -		
Advisory services	-	2,678
Tax compliance	20,375	50,950
	20,375	53,628
	135,174	237,242

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

Note 22. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 30 June 2018 (2017: Nil).

Cue Energy Resources Limited and Cue Resources Inc. have been named as defendants, along with a number of other companies, in litigation pending in Texas, USA in relation to the Pine Mills oilfield. Cue Energy Resources Limited and Cue Resources Inc. believe the suit has no merit and have filed motions to dismiss the proceedings.

Note 23. Commitments for expenditure

	Consolidated	
	2018 $'000	**2017 $'000**
*a) Exploration tenements**		
The Group participates in a number of licences, permits and production sharing contracts for which the Group has made commitments with relevant governments to complete minimum work programmes.		
Within one year	34,800	31,300
*b) Production development expenditure***		
The Group participates in a number of development projects that were in progress at the end of the period. These projects require the Group, either directly or through joint venture arrangements, to enter into contractual commitments for future expenditures.		
Within one year	-	2,122
*c) Operating lease commitments****		
Non-cancellable operating lease are payable as follows:		
Within one year	122	363
One to five years	2	124
	124	487

* 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.

** All development expenditure commitments relate to the development of oil and gas fields.
*** The operating lease commitments consist of the following:
- Property lease at Level 3, 10-16 Queen Street Melbourne is due to expire in September 2018. Management is currently negotiating new lease terms.
- Property lease at 357 Collins Street Melbourne is due to expire in October 2018. Management will not be renewing this lease.
- Minor lease commitment on printer.

Accounting policy for leases

Operating leases are leases which the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased asset. Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis over the term of the lease.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018 $'000	2017 $'000
Loss after income tax	(1,403)	(16,170)
Total comprehensive income	(1,403)	(16,170)

Statement of financial position

	Parent	
	2018 $'000	2017 $'000
Total current assets	17,009	12,345
Total assets	24,853	27,554
Total current liabilities	353	1,669
Total liabilities	394	1,693
Equity		
Contributed equity	152,416	152,416
Accumulated losses	(127,957)	(126,555)
Total equity	24,459	25,861

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for the acquisition of capital assets as at 30 June 2018 (2017: nil).

Lease commitments
The parent entity has no commitments in relation to leases as at 30 June 2018 other than disclosed in note 23.

Note 25. Shares in subsidiaries

Shares held by parent entity at the reporting date:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	2017 %
Cue Mahato Pty Ltd	Australia	100.00%	100.00%
Cue Mahakam Hilir Pty Ltd	Australia	100.00%	100.00%
Cue Kalimantan Pte Ltd*	Singapore	100.00%	100.00%
Cue (Ashmore Cartier) Pty Ltd	Australia	100.00%	100.00%
Cue Sampang Pty Ltd	Australia	100.00%	100.00%
Cue Resources Inc**	USA	-	100.00%
Cue Taranaki Pty Ltd	Australia	100.00%	100.00%
Cue Cooper Pty Ltd***	Australia	-	100.00%
Cue Exploration Pty Ltd	Australia	100.00%	100.00%

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

* Shares held by Cue Mahakam Hilir Pty Ltd
** Cue Resources Inc. was deregistered in December 2017.
*** Cue Cooper Pty Ltd was a dormant entity which was deregistered in March 2018.

Note 26. Interests in joint operations

Property	Operator	Cue Interest (%)	Gross Area (km2)	Net Area (km2)	Permit expiry date
Petroleum exploration properties					
Carnarvon Basin – Western Australia					
WA-359-P	Cue Exploration Pty Ltd	100	645	645	25/04/2019
WA-389-P	Cue Exploration Pty Ltd	100	1,939	775.60	08/10/2020
WA-409-P	BP Developments Australia Pty Ltd	20	565	169.50	20/07/2021
Indonesia					
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100	222.14	88.90	15/05/2020
Mahato PSC	Texcal Mahato Pte Ltd	12.50	5,600	700	20/07/2018*
Petroleum production properties					
New Zealand					
PMP38160	OMV New Zealand Limited	5	80.18	4	02/12/2027
Madura - Indonesia					
Sampang	Santos (Sampang) Pty Ltd	15 (8.18 Jeruk Field)	534.50	80.20	04/12/2027

*The operator has submitted an application for an extension of the Exploration permit term due to lost time during the Exploration period.

Note 26. Interests in joint operations (continued)

Interests in joint operations are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Summarised financial information

	2018 $'000	2017 $'000
Summarised statement of financial position		
Cash and cash equivalents	5	-
Receivables	3,930	4,193
Inventory	519	547
Deferred tax assets	2,733	-
Production properties (note 13)	26,814	30,082
Total assets	34,001	34,822
Payables	3,112	2,653
Current tax liabilities	1,370	1,365
Restoration provisions	9,832	9,815
Deferred tax liabilities	3,052	3,482
Total liabilities	17,366	17,315
Net assets	16,635	17,507
Summarised statement of profit or loss and other comprehensive income		
Production income	24,547	35,000
Production expenses	(9,881)	(13,739)
Profit before income tax	14,666	21,261
Other comprehensive income	-	-
Total comprehensive income	14,666	21,261

Refer to note 22 in relation to contingent liabilities of the Group.

Commitments for expenditure are disclosed in note 23.

Accounting policy for joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Note 27. Events after the reporting period

On 9 August 2018, the consolidated entity announced that its 100% owned subsidiary, Cue Exploration Pty Ltd, had received notification from the National Offshore Petroleum Titles Administrator (NOPTA) of the approval of a 12 month suspension of Exploration Permit WA-359-P Permit Year 3, 4 and 5 work program commitments, a Year 4 work commitment variation, and a 12 month extension of the permit until 25 April 2019.

The suspension and extension will allow time for detailed well planning using newly available data and preparing for drilling the Ironbark-1 well, targeted for 2019.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 28. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2018 $'000	2017 $'000
Profit/(loss) after income tax (expense)/benefit for the year	7,739	(17,344)
Adjustments for:		
Abandonment provision write back	495	3,083
Production property write down	-	6,446
Depreciation	14	32
Amortisation	5,430	6,362
Loss from discontinued operations	-	2,312
Reversal of Non-controlling interest	-	(669)
Net (gain)/loss on foreign currency conversion	(728)	422
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(3,222)	109
Decrease in inventories	28	1,063
Increase in deferred tax assets	(2,733)	-
Decrease in trade and other payables	(475)	(1,481)
Increase in tax liabilities	1,004	2,077
Decrease in deferred tax liabilities	(348)	(766)
Decrease in provisions	(372)	(3,296)
Net cash from/(used in) operating activities	6,832	(1,650)

Note 29. Earnings per share

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	7,739	(15,032)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
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	1.11	(2.15)
Diluted earnings per share	1.11	(2.15)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax	-	(2,312)
Non-controlling interest	-	45
Loss after income tax attributable to the owners of Cue Energy Resources Limited	-	(2,267)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
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	-	(0.32)
Diluted earnings per share	-	(0.32)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for profit/(loss)		
Profit/(loss) after income tax	7,739	(17,344)
Non-controlling interest	-	45
Profit/(loss) after income tax attributable to the owners of Cue Energy Resources Limited	7,739	(17,299)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	698,119,720	698,119,720
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	1.11	(2.48)
Diluted earnings per share	1.11	(2.48)

Note 29. Earnings per share (continued)

Accounting policy for earnings per share

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

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

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INDEPENDENT AUDITOR'S REPORT

To the members of Cue Energy Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cue Energy Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Production Assets

Key audit matter	*How the matter was addressed in our audit*
The total carrying value of the oil and gas production property assets at 30 June 2018 is \$26.814 million (2017: \$30.082 million), which consists of Maari and Sampang (Oyong and Wortel) assets, as disclosed in Note 13. The nature of these production property assets requires management to assess for indicators of impairment. For the year ended 30 June 2018, management has undertaken a formal impairment test of these production property assets using a value in use (VIU) methodology. A VIU impairment assessment is complex and highly judgemental, and includes modelling a range of assumptions and cash flow estimates that are affected by expected future performance and market conditions.	During our audit, we evaluated management's assessment of the recoverable value of each production asset. Our procedures included, but were not limited to: • Obtaining and reviewing the reserve quantity reports from an external expert. This included assessing the competency, objectivity and independence of the expert and reviewing the report to determine if the assumptions were reasonable and in line with our understanding and expectations of the asset and the industry. • Engaged a corporate valuation specialist to assess the discount rates used by management to other comparable participants in the industry. • Benchmarking and analysing management's future oil price assumptions against external data. • Comparing the expected future costs to operator budgets and other third party reports. • Performing a sensitivity analysis over the underlying variables to determine the impact of unfavourable changes to cash flows and in turn recoverable value of each production asset.

Accounting for Tax and Uncertain Tax Positions

Key audit matter	*How the matter was addressed in our audit*
The consolidated entity recognised deferred tax assets ($2.7million), deferred tax liabilities ($3.1million), and tax liabilities ($4.9million), which are disclosed in Notes 10 and 15. There are several ongoing tax disputes between Cue Kalimantan or Cue Sampang (100% wholly owned subsidiaries of Cue Energy Resources Group) and the Indonesian taxation authorities for additional tax levied and applicable penalties deemed payable and outstanding to the Indonesian tax authorities. An inaccurate assessment for the quantum and likelihood of these matters may result in the incorrect amount disclosed in the financial report.	To assess the Group tax balances now and in the future, we involved our taxation specialists, to assist in our assessment of the deferred tax asset, deferred tax liabilities and current tax liabilities recorded at year end. We have also evaluated the assessment of uncertain tax positions in the Indonesian subsidiaries through enquiry with management and their Indonesian tax consultants, reviewed correspondence with local tax authorities to assess the completeness and accuracy of the associated provisions and disclosures.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Reserve Report and Chairman's Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reserve Report and Chairman's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included pages 8 to 13 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Cue Energy Resources Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

David Garvey

Partner

Melbourne, 24 August 2018

Shareholder Information

1. Distribution of equitable securities

The shareholder information set out below was applicable as at 23 August 2018:

	Number of holders of ordinary shares
1 to 1,000	59
1,001 to 5,000	164
5,001 to 10,000	500
10,001 to 100,000	1,581
100,001 and over	307
	2,611
Holding less than a marketable parcel	354

2. Registered Top 20 Shareholders

The registered names and holdings of the 20 largest holdings of quoted ordinary shares in the Company as at 23 August 2018:

	Ordinary shares	
Shareholder	Number held	% of total shares issued
1. NZOG Offshore Limited	349,368,803	50.04
2. BNP Paribas Noms Pty Ltd (DRP)	113,118,616	16.20
3. ABN Amro Clearing Sydney Nominees Pty Ltd (Custodian A/C)	17,225,025	2.47
4. Portfolio Securities Pty Ltd	10,000,000	1.43
5. Reviresco Nominees Pty Ltd (Reviresco S/F A/C)	7,500,000	1.07
6. HSBC Custody Nominees (Australia) Limited	5,038,415	0.72
7. Finot Pty Ltd	5,000,000	0.72
8. First NZ Capital Scrip Limited	4,500,000	0.64
9. Mrs Janet Backhouse	3,847,338	0.55
10. Tintern (Vic) Pty Ltd (A & P Miller Family A/C)	3,370,701	0.48
11. Mr Richard Tweedie (Richard Tweedie S/F A/C)	3,363,477	0.48
12. Berne No 132 Nominees Pty Ltd (52293 A/C)	3,300,000	0.47
13. Grizzley Holdings Pty Limited	3,202,203	0.46
14. Lakemba Pty Ltd	3,084,051	0.44
15. Ms Rachel Irene Alembakis	2,960,000	0.42
16. Custodial Services Limited (Beneficiaries Holdings A/C)	2,825,629	0.40
17. Milliara Nominees (Aust) Pty Limited (Gill Family A/C)	2,818,289	0.40
18. Beira Pty Limited	2,205,000	0.32
19. Mr Damiano Giorgio Pilla	1,996,427	0.29
20. Mr Koo Sing Kuang and Mrs Lai Wah Kuang (Lakemba Super Fund A/C)	1,909,788	0.27
	546,633,762	78.27

3. Vendor Securities

There are no restricted securities on issue as at 23 August 2018.

4. Voting rights

At meeting of members or classes of members:

(a) each member entitled to vote may vote in person or by proxy, attorney or respective;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

(i) for each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative, one vote for the share;

(ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited).

Subject to any rights or restrictions attached to any shares or class of shares.

5. Share registry

Enquiries

Cue's share register is managed by Computershare. Please contact Computershare for all shareholding and dividend related enquiries.

Change of shareholder details

Shareholders should notify Computershare of any changes in shareholder details via the Computershare website (www.computershare.com.au) or writing (fax, email, mail). Examples of such changes include:
- Registered name
- Registered address
- Direct credit payment details

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6. Sharecodes

ASX Share Code: CUE
ADR Share Code: CUEYY

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