

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Cue Energy Resources Limited (referred to hereafter as the 'company', 'parent entity' or 'Cue') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

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

Alastair McGregor
Andrew Jefferies
Peter Hood
Rebecca DeLaet
Richard Malcolm
Rod Ritchie
Samuel Kellner
Koh Ban Heng (resigned on 30 October 2018)

Chief Executive Officer

Matthew Boyall

Chief Financial Officer/Company Secretary

Melanie Leydin

Principal activities

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

Corporate governance statement

Details of the Company's corporate governance practices are included in the Corporate Governance Statement set out on the Company's website. 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 \$8.55 million (30 June 2018: \$7.74 million).

The net assets of the consolidated entity increased by \$8.14 million to \$41.41 million for the year ended 30 June 2019 (30 June 2018: \$33.27 million). Working capital, being current assets less current liabilities, was \$26.28 million (30 June 2018: \$16.62 million).

The consolidated entity achieved positive cashflow from operating activities of \$12.82 million for the year ended 30 June 2019. The consolidated entity ended the year with a cash balance of \$26.19 million, including cash and cash equivalents of \$14.67 million and \$11.52 million restricted cash in an escrow account designated for Ironbark drilling. The consolidated entity has no debt.

Refer to the CEO Report and Overview of Operations and Finances.

Significant changes in the state of affairs

During the financial year, the consolidated entity, through its 100% owned subsidiary, Cue Exploration Pty Ltd announced a number of agreements and approvals relating to Exploration Permits WA-359-P and WA-409-P. These included:

- A 15% farmout of WA-359-P to New Zealand Oil & Gas
- A 5.56% Option over WA-409-P granted to New Zealand Oil & Gas
- A Co-ordination Agreement between Cue, BP Developments Australia Pty Ltd (BP), Beach Energy Limited (Beach) and New Zealand Oil & Gas which allowed the parties to begin work on detailed planning of the Ironbark-1 well prior to formal completion

Both transactions with New Zealand Oil & Gas were approved by Cue shareholders at a general meeting held on 8 January 2019.

The agreements noted above were in addition to previously announced option and farm-in agreements with BP and Beach.

On 7 June 2019, the consolidated entity announced completion of all WA-359-P agreements, resulting in the transfer of interests in Exploration Permit WA-359-P to BP, Beach and New Zealand Oil & Gas and the transfer of operatorship to BP. Cue will retain 21.5% interest in the Permit and be partially funded by the other parties for the drilling of the Ironbark-1 exploration well, scheduled for late 2020.

During the financial year, the consolidated entity announced a gas discovery from the Paus Biru-1 Exploration well in the Sampang PSC. A plan of development is being prepared where commercialisation will occur through the existing Oyong facilities.

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 29 July 2019, the consolidated entity issued 4,277,888 unlisted options to eligible employees for services rendered from 1 July 2018, exercisable at \$0.07 (7 cents). The options will vest on 1 July 2021 and expire on 1 July 2023.

No other matter or circumstance has arisen since 30 June 2019 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 the Mahakam Hilir PSC, Indonesia
- Actively seeking to acquire additional production
- Progress on Paus Biru-1 plan of development

Environmental regulation

Within the last year there have been zero incidents, zero lost time injuries and zero significant spills within Cue Energy Resources Limited. Among the joint operations there have been a number of incidents that have been reported and investigated by all the relevant parties. 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 Limited but within the industry. Cue Energy Resources Limited 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
Qualifications:	BEng, MSc
Experience and expertise:	Alastair has been actively involved in the oil and gas sector since 2003. He is currently chief executive of O.G. Energy, which holds Ofer Global's broader energy interests, and Oil & Gas Limited, a company that holds directly or indirectly oil & gas exploration and production interests onshore and offshore. He leads the O.G. Energy Senior Management Committee, driving the strategy for Ofer Global's energy activities. Alastair is also a director of New Zealand Oil & Gas Limited. In addition, Alastair is chief executive of Omni Offshore Terminals Limited, a leading provider of floating, production, storage and offloading (FSO and FPSO) solutions to the offshore oil and gas industry. Omni's operations have spanned the globe from New Zealand, Australia, South East Asia, Middle East and South America. Prior to entering the oil and gas industry 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 O.G. Energy Holdings Ltd. O.G. Oil & Gas Limited
Former directorships (last 3 years):	None
Interests in shares:	None

Name: Andrew Jefferies
Title: Non-Executive Director
Qualifications: BE Hons (Mechanical), MBA, MSc in petroleum engineering, GAICD, Certified Petroleum Engineer
Experience and expertise: Mr. Jefferies is managing director of 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: NZOG Offshore Limited
New Zealand Oil & Gas Limited
Tuatara Energy Limited

Former directorships (last 3 years): None
Special responsibilities: Member, Audit and Risk Committee
Member, Remuneration and Nomination Committee
Member, Health Safety Security Sustainability and Operational Risk 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: De Grey Mining Ltd
GR Engineering Ltd
Matrix Composites and Engineering 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
Qualifications: M.Fin, B.Science
Experience and expertise: Ms. DeLaet has worked for the Ofer Global group of companies since 1990. Prior to focusing exclusively on O.G. Energy activities in 2019, Rebecca spent the previous ten years overseeing Ofer Global'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 Ofer Global. Since then, she has been responsible for all of the financing activities for the Omni organisation. Ms DeLaet is a director of O.G. Energy, O.G. Oil & Gas and New Zealand Oil & Gas, where she chairs the audit committee. As a member of the O.G. Energy Senior Management Committee, she helps drive strategy for Ofer Global's energy activities. Ms. DeLaet has a Masters in Finance and Bachelor of Science from the Wharton School at the University of Pennsylvania.

Other current directorships: O.G. Energy Holdings Ltd.
O.G. Oil & Gas Limited
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
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: Chairman, Remuneration and Nomination Committee
Member, Health Safety Security Sustainability and Operational Risk Committee

Interests in shares: None

Name: Rod Ritchie
Title: Non-Executive Director
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
Former directorships (last 3 years): None
Special responsibilities: Member, Remuneration and Nomination Committee
Chair, Health Safety Security Sustainability and Operational Risk Committee

Interests in shares: None

Name: Samuel Kellner
Title: Non-Executive Director
Qualifications: BA, MBA
Experience and expertise: Mr. Kellner has held a variety of senior executive positions with Ofer Global since joining the group in 1980. He has been deeply involved in all Ofer Global's business lines, with a particular emphasis on offshore oil and gas, shipping and real estate, and has advised Ofer Global companies on investments with a variety of investment managers, hedge funds and private equity funds. Most recently, Mr. Kellner served as President of Global Holdings Management Group (US) Inc. where he led North American real estate acquisition, development and financing activities. Mr. Kellner serves as a director of O.G. Energy, O.G. Oil & Gas and New Zealand Oil & Gas, where he is Chairman of the Board of Directors. As a member of the O.G. Energy Senior Management Committee, he helps drive strategy for Ofer Global's energy activities. He is also an Executive Director of the main holding companies for the Zodiac Maritime Limited shipping group and Omni Offshore Terminals Limited, a leading provider of floating, production, storage and offloading (FSO and FPSO) solutions to the offshore oil and gas industry. Mr Kellner graduated with a BA degree from Hebrew University in Jerusalem. He has an MBA from the University of Toronto, and taught at the University of Toronto while working toward a PhD in Applied Economics.

Other current directorships: O.G. Energy Holdings Ltd.
O.G. Oil & Gas Limited
New Zealand Oil & Gas Limited

Former directorships (last 3 years): None
Interests in shares: None

Name: Mr Koh Ban Heng
Title: Non-Executive Director (resigned on 30 October 2018)
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' 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 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') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee		Health Safety Security Sustainability and Operational Risk Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Alastair McGregor	4	4	-	-	-	-	-	-
Andrew Jefferies	4	4	3	3	3	3	2	2
Peter Hood	4	4	-	-	3	3	-	-
Rebecca DeLaet	3	4	-	-	3	3	-	-
Richard Malcolm	4	4	3	3	-	-	2	2
Rod Ritchie	4	4	3	3	-	-	2	2
Samuel Kellner	3	4	-	-	-	-	-	-
Koh Ban Heng*	2	2	-	-	-	-	-	-

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

* Mr Koh Ban Heng resigned from the Board on 30 October 2018.

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 2019, 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 (Non-Executive Chairman)
- 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)
- Koh Ban Heng (Non-Executive Director) - resigned on 30 October 2018

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)

(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 2019, the Board reviewed the salaries paid to peer company executives in determining the salary of the Company'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 executive Matthew Boyall is formalised in a service agreement. Details of the agreement is as follows:

Matthew Boyall

Title: Chief Executive Officer

Agreement effective 1 October 2018.

Details: Base salary of \$360,000 per annum plus superannuation to be reviewed annually by the Board. Mr Boyall is also entitled to short-term incentive up to 30% (2018: 20%) of his base salary at the discretion of the Board at the end of each financial year dependent on the success of meeting key deliverables.

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 – 2019

2019	Short-term benefits			Consulting fees	Post employment		Share-based payments Equity-settled	Total
	Cash salary and fees	Cash bonuses	Non-monetary benefits		Long service leave	Super-annuation		
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>								
Alastair McGregor*	-	-	-	-	-	-	-	-
Koh Ban Heng**	12,534	-	-	-	-	-	-	12,534
Andrew Jefferies*	-	-	-	-	-	-	-	-
Peter Hood	44,698	-	-	-	-	2,151	-	46,849
Rebecca DeLaet*	-	-	-	-	-	-	-	-
Richard Malcolm	41,077	-	-	-	-	3,902	-	44,979
Rod Ritchie	42,459	-	-	-	-	-	-	42,459
Samuel Kellner*	-	-	-	-	-	-	-	-
<i>Other Key Management Personnel:</i>								
Matthew Boyall***	345,000	112,200	-	-	16,638	20,531	10,307	504,676
	<u>485,768</u>	<u>112,200</u>	<u>-</u>	<u>-</u>	<u>16,638</u>	<u>26,584</u>	<u>10,307</u>	<u>651,497</u>

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

** Koh Ban Heng resigned from the Board on 30 October 2018.

*** Matthew Boyall's cash bonus consists of the following:

- \$60,000 once-off discretionary bonus in recognition of the Ironbark farmout; and
- \$52,200 for achieving 72.5% weighting against 2018 key performance indicators (KPIs). The KPIs were measured against the actual results for the calendar year ending 31 December 2018. Mr Boyall's entitled up to a target of 20% of base salary.

Compensation of key management personnel - 2018

2018	Short-term benefits			Consulting fees	Post employment		Total
	Cash salary and fees	Cash bonuses	Non-monetary benefits		Long service leave	Super-annuation	
	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>							
*Alastair McGregor(i)	-	-	-	-	-	-	-
Koh Ban Heng	47,500	-	-	-	-	-	47,500
*Andrew Jefferies (i)	-	-	-	-	-	-	-
Peter Hood (i)	13,151	-	-	-	-	-	13,151
*Rebecca DeLaet (ii)	-	-	-	-	-	-	-
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
<i>Other Key Management Personnel:</i>							
Matthew Boyall	300,000	25,774	-	-	6,798	20,049	352,621
	<u>471,206</u>	<u>25,774</u>	<u>-</u>	<u>-</u>	<u>6,798</u>	<u>21,190</u>	<u>524,968</u>

*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 capacity 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.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
<i>Directors:</i>						
Koh Ban Heng	100%	100%	-	-	-	-
Peter Hood	100%	100%	-	-	-	-
Richard Malcolm	100%	100%	-	-	-	-
Rod Ritchie	100%	100%	-	-	-	-
Grant Worner	-	100%	-	-	-	-
Melanie Leydin	-	100%	-	-	-	-
Duncan Saville	-	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Matthew Boyall	76%	93%	22%	7%	2%	-

(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 options or performance rights may be made at the Board's sole discretion.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Matthew Boyall	1,288,338	1 July 2018	1 July 2021	1 July 2023	\$0.07	\$0.024

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of options granted during 2019 financial year
Matthew Boyall	1,288,338

Values of options over ordinary shares granted, exercised and lapsed for key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	\$	\$	\$	%
Matthew Boyall	10,307	-	-	2%

(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 2019.

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019	2018	2017	Restated	2015
	\$'000	\$'000	\$'000	2016	\$'000
Production income from continuing operations	25,730	24,547	35,000	45,412	36,704
Profit/(Loss) before income tax expense from continuing operations	12,856	5,058	(6,975)	(79,599)	26,916
Profit/(Loss) after income tax benefit/(expense)	8,549	7,739	(15,032)	(84,399)	32,191
Total Key Management Personnel Remuneration	651	525	2,264	2,419	2,061
	2019	2018	2017	2016	2015
Share price at start of year (cents)	5.70	5.50	8.10	7.60	12.00
Share price at end of year (cents)	8.30	5.70	5.50	8.10	7.60
Basic earnings/(loss) per share (cents)	1.22	1.11	(2.48)	(12.44)	5.86
Diluted earnings/(loss) per share (cents)	1.22	1.11	(2.48)	(12.44)	5.86

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
<i>Ordinary shares*</i>					
Non-Executive Directors					
Andrew Jefferies	8,000	-	-	-	8,000
Peter Hood	80,000	-	-	-	80,000
Other Key Management Personnel					
Matthew Boyall	-	-	200,000	-	200,000
	<u>88,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,000</u>

* Alastair McGregor, Koh Ban Heng, Rebecca DeLaet, Richard Malcolm, Rod Ritchie and Samuel Kellner do not hold any fully paid ordinary shares.

** Additions to shareholding were not related to remuneration.

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.

Shares under option

Unissued ordinary shares of Cue Energy Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Vesting date	Exercise price	Number under option
01/07/2018	01/07/2023	01/07/2021	\$0.07	4,277,888

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Directors' insurance and indemnification of Directors and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary, and all executive officers against a liability incurred as a director, company secretary or executive officer to the extent permitted by the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

The company has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify the auditor of the company or any related body corporate against a liability incurred as an officer or auditor.

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 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

21 August 2019