

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 Offshore 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			Consulting fees	Long service leave	Post employment		Total
	Cash salary and fees	Cash bonuses	Non-monetary benefits			Super-annuation	Termination payments	
	\$	\$	\$	\$	\$	\$	\$	\$

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 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.

2017	Short-term benefits			Consulting fees	Long service leave	Post employment		Total
	Cash salary and fees	Cash bonuses**	Non-monetary benefits (i)			Super-annuation	Termination payments	
	\$	\$	\$	\$	\$	\$	\$	\$

<i>Name</i>								
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:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2018	2017	2018	2017	2018	2017
<i>Directors:</i>						
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%	-	-	-	-
<i>Other Key Management Personnel:</i>						
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
<i>¹Ordinary shares*</i>					
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.

¹NZOG 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