Cue Energy Resources Limited

Annual Report 2016/17

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.

Cue Energy Resources aims to grow our shareholder value through implementing a strategy of:

- Maintaining a **sustainable business;**
- Delivering **disciplined growth;**
- Pursuing **step-change return** opportunities

12 Month Trading Range

5.3¢-10.0¢

Ordinary Shares

698,119,720

Avg FY17 Production

~1600 boe/day

Contents

Joint Operations

INDONESIA

Mahato PSC

Interests

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

Mahakam Hilir PSC

Interests

Cue (Operator)	100%

Sampang PSC

Interests

Santos (Operator)	45%
SPC	40%
Cue	15%

*Subject to Government of Indonesia approval of transfer from Bukit Energy

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%
Todd	16%
Horizon	10%
Cue	5%

Chairman's Overview

Grant Worner

Dear shareholder,

I am pleased to present to you the 2017 Annual Report of Cue Energy Resources Limited and wish to thank you for your support throughout the year.

Oil traded between US$45 and US$55 per barrel throughout 2017 and current industry consensus is that prices will remain in the vicinity of US$50 per barrel for the rest of this decade, forcing companies to adapt to operating in a longer, lower oil price environment. Cue's portfolio provides a somewhat hedged position in these economic conditions with more than two thirds of its income emanating from gas sales that are independent of oil price. After assessing the economic environment and its internal capabilities, in June 2016 Cue reset its strategy and announced three objectives to deliver short, medium, and long-term prosperity:

1. To have a sustainable business operating within its means;
2. To deliver disciplined growth; whilst
3. Pursuing opportunities that offer step-change returns to shareholders.

2016/2017 Performance

The last two years have been particularly challenging for Cue after re-setting its strategy and completing material transformation activities. Cue impaired the exploration and evaluation expenditure previously capitalised, expensed current exploration and impaired production assets owing to the lower oil price and diminishing reserves. In addition, exploration activities and overhead costs were right-sized to match the Company's simplified portfolio and maximise shareholder value by creating a sustainable business that could operate within its means, deliver disciplined growth, and retain step-change growth options.

The impairments are the largest factor of over A$100m of ordinary activity losses in the last two years. In addition, since June 2015, our cash position has continued to reduce from A$27m to $12.1m at June 2017 as we resolved & settled long outstanding commercial disputes from 2011, paid redundancy payments and sold loss making overseas assets.

This year we have continued last year's important overhead cost reduction initiatives, including reducing staff numbers and relocating to cheaper offices and thereby aligning our cost base with our lower exploration activity levels, future production receipts and the expected commodity price outlook.

The following material events and achievements through the year were:

- Securing funding for 50% of a well in the potentially high impact WA-359-P offshore licence in the North West Shelf if BP exercise their equity option;
- Farming out 80% of North West Shelf WA-409-P licence to BP and securing funding to fully cover the primary work commitment on a renewed 5-year tenure;
- Identifying an appraisal well opportunity in the Naga Utara prospect in the Mahakim Hilir PSC;
- Funding the Company's share of the conversion of the Oyong and Wortel fields to gas only production, reducing costs by approximately 50% per annum, increasing 2P reserves by 37%, and increasing operating margins by 34%;
- Funding the Company's share of the integrity repairs to the Maari Well Head Platform;
- Selling the loss making Pine Mills asset in the US;
- Exiting the high risk exploration licences in New Zealand;
- Resolving commercial disputes dating as far back as 2011; and

- Lowering corporate overheads and administration expenses from the historic average of A$7.2 million to circa A$2 million per annum by;
  - Lowering the cumulative Board fees to $160k per annum compared with 2016 fees of $501k;
  - Right-sizing the organization and making redundant many of the higher paid personnel who's remuneration was set in better economic times; and
  - Moving to a fit-for-purpose head office in Melbourne and lowering lease costs by more than 75%.

Cue is now in a far more robust position to capture growth opportunities and manage future challenges.

2017/18 Expectations

Shareholders should expect to see further progress in all three strategic objectives in the 2017/18 year. Cue's cashflow from production now exceeds its operating expenses and the Company will continue to seek initiatives to lower its overall cost of operations.

Production growth options are being pursued in the Maari and Sampang fields over the next 12 months and exploration and appraisal wells are options in the other two Indonesian licences that Cue has a presence in.

The largest potential impact on the Company is the Ironbark prospect on the North West Shelf, offshore Western Australia. Despite the limited appetite for large exploration plays the Company is hopeful that it will make further progress in attracting suitable partners to WA-359-P in the next financial year.

In summary, Cue has undergone a significant transformation over the last 12 months and is now in a robust position. It retains a solid cash position, earns significant free cash flow from its production of oil in New Zealand and gas in Indonesia, is debt free, retains an attractive portfolio of assets and opportunities, and is strongly supported by shareholders who have taken large stakes in the Company.

In 2017/18 Cue will continue to deliver its three part strategy of; controlling costs to ensure there is a sustainable business that is funded by producing assets, operating with a more focused portfolio investing in near term and affordable growth opportunities, and seeking industry partnerships capable of executing and funding our high impact step change opportunity.

I would like to take this opportunity to thank the small but dedicated Cue team for their contributions over the year during a period of significant transformation. At the end of 2017 I stepped back from the position of Executive Chairman and was very pleased to appoint Mr Matthew Boyall into the CEO position. Matt has been integral to the changes at Cue and the Board and I are confident the Company is in good hands and has a bright future under Matt's leadership.

Grant A. Worner

Non-Executive Chairman

27 September 2017

CEO Report and Overview of Operations

Matthew Boyall

Cue's priorities during FY2017 were to simplify our portfolio, reduce costs and transform into a sustainable business which can take advantage of growth and step change opportunities.

The Maari and Sampang assets continued to provide steady revenue during the year, with the Sampang fixed gas price providing natural revenue protection in the current low oil price environment.

In New Zealand, at Maari, maintenance and repairs on the WHP were conducted during FY2017 to repair existing issues and deal with a crack that was identified in a leg of the WHP. This expenditure will be the subject of insurance claims, which are likely to be resolved during FY2018. Production from the Sampang PSC, Indonesia, was strong and the conversion of the facilities to gas only production is proceeding on time and budget. Unfortunately Cue was unable to achieve stable increased production and cost reductions during its two years of ownership of the Pine Mills oilfield in the United States and therefore, in October 2016, Cue sold it 80% interest.

Cue successfully farmed out equity in WA-409-P to BP Developments Australia Pty Ltd (BP) to cover the primary work commitment on a renewed 5 year term and executed an option agreement for 42.5% equity in WA-359-P, also to BP. If executed, this option agreement provides funding for 50% of the Ironbark-1 well. These transaction show the confidence that BP has in the Ironbark gas prospect. WA-359-P and WA-409-P offer the largest step change value opportunities for Cue.

The Paus exploration well in Sampang PSC and the potential low cost wells in Mahato and Mahakam Hilir PSCs provide further near term growth options for Cue, which can be funded from cashflows from existing oil and gas production.

Cue finalised withdrawal from all remaining exploration permits in New Zealand during the year as their low prospectivity did not make them a suitable part of a focussed portfolio.

With revenue from two production assets and reduced administration costs of approximately $2 million per year forecast, the Company's operations should be cashflow positive in FY2018. There are multiple avenues for near term company growth through a farmout of WA-359-P, and drilling of a potentially company changing well, and participation in exploration and appraisal wells in the Indonesia permits.

Further details on individual assets are provided in the following sections.

Financials

In the 2016/17 year, the Company's production revenues from continuing operations, fell by approximately 23% as a result of natural field decline and production interruption at Maari and gross profit fell by 11%. Cue's net loss after tax was $17.3 million as a result of impairment of Maari production assets, expensed exploration expenditure and loss on sale of the Pine Mills asset.

Material one-off payments of $11.4 million were incurred to settle long standing disputes and to pay for restructuring redundancies. At year end Cue's cash balance was $12.4 million, down from $20.5 million the previous year

Production

NEW ZEALAND

PMP 38160

During the year, average oil production from Maari field was approximately 420 barrels of oil per day (bopd) net to Cue, which was down from the previous year due to natural field decline and a shut in period at the end of CY2016. Planned repairs to the production risers and temporary repairs to stabilise a crack found in the Well Head Platform (WHP) were undertaken during this period.

Permanent repairs to the WHP have been completed after the end of the 2017 fiscal year.

At June 30 2017, the Maari field was producing approximately 9000 bopd gross. A number of initiatives to perforate and complete additional zones in existing wells are planned for FY2018, aimed at low cost incremental production increases.

Production (Cont')

NEW ZEALAND (CONT')

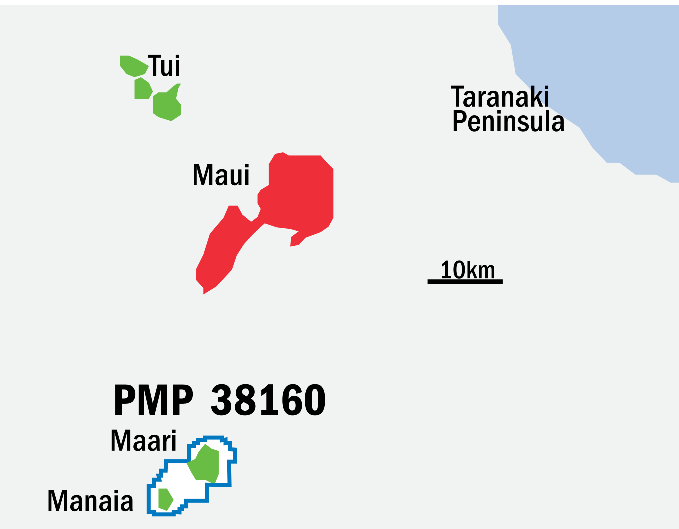
PMP 38160 (Cont')

The most significant planned increase, expected to be in the vicinity of 2000 bopd, should come from the t the installation of compression on the Maari WHP to lower the production pressure of the wells. Preliminary work has been undertaken during the year, with the final installation expected to be completed by March 2018.

A number of sidetrack drilling opportunities are also being investigate by the operator to target unproduced reservoirs in existing well bores. These operations can be undertaken using the WHP workover unit and coiled tubing. The target wells for this drilling are likely to be finalised during the first quarter of 2018.

The Joint Venture partners are reviewing a preliminary proposal to develop the Moki reservoir at the Manaia field, approximately 6 km from Maari, where the Manaia-2 well was drilled in 2013. The proposal has passed the first stage of the Operator's tollgate process and could include an appraisal well within 18-24 months and a further standalone or integrated development. Cue will carefully review this project as preliminary studies progress.

TARANAKI PENINSULA LOCATION MAP – NEW ZEALAND



LEGEND

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

INDONESIA

Sampang PSC

The Oyong and Wortel fields continued to provide stable revenue and be operated in a safe and reliable manner. In times of lower oil price, fixed, high price gas production from these established, well managed fields provides sustainable cashflow.

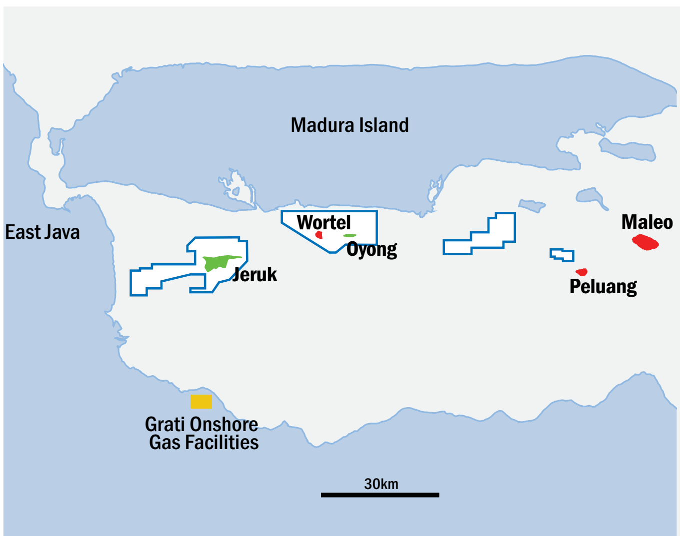
During FY2017, Oyong production averaged 120 bopd and 4mmcf/d of gas net to Cue. Wortel field production averaged 5 mmcf/d net.

High cost oil production from Oyong ceased in June 2017 as part of the conversion to gas only production. The project is expected to be completed by December 2017. Operating costs are expected to halve due to gas production requiring significantly fewer production facilities. Installation of a new compressor at the Grati processing plant will also allow gas to be produced at lower reservoir pressures, adding to recoverable reserves and making the field economic well past 2020.

Drilling at the Paus near field exploration prospect is in the final stages of review by the Joint Venture and a decision is expected during the 2018 fiscal year. The well would target the Mundu reservoir which provides the gas production at Oyong.

Cue is optimistic about the future production from the Sampang PSC. We have increased our estimate of Wortel 2P gas reserves by 36% this year, based on the continued high performance of the reservoir and plan to undertake independent analysis of Oyong field reserves after the current gas conversion project is complete and the wells have stabilised in gas only mode.

SAMPANG PSC LOCATION MAP – INDONESIA



Exploration

AUSTRALIA

WA-359-P

The Ironbark Prospect in WA-359-P is a Deep Mungaroo Triassic gas prospect that can be correlated to the Gorgon field further south, which supports the Gorgon LNG plant. These reservoirs have not been tested in the WA-359-P area and Cue's analysis shows that the numerous dry holes drilled to shallower targets were unsuccessful due to a thick regional seal which has inhibited the penetration of hydrocarbons into the upper sections.

Based on the areal size of the fault bound closure, Cue's estimate of the prospective recoverable gas resource is 15Tcf in WA-359-P. If this is correct, then this prospect would be larger than several existing LNG developments, such as Pluto and Wheatstone. Located 50km from the North West Shelf gas infrastructure, which is speculated to have spare capacity in the early 2020s, Ironbark is geographically and commercially well positioned.

Cue's estimate of the geological chance of success for this giant prospect is 25% and the value that a success would bring to the company is many times Cue's current market value.

BP shares our enthusiasm for WA-359-P and Cue has granted them an option over 42.5% equity, exercisable by the end of October 2017. A process to find other partners to form a Joint Venture with BP is ongoing during a very difficult time in the farmout market in Australia.

A commitment exploration well is currently due in the first half of 2018. If BP exercises their option, 50% of this well will be funded.

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 permit was renewed for a further 5 year exploration period in October 2016.

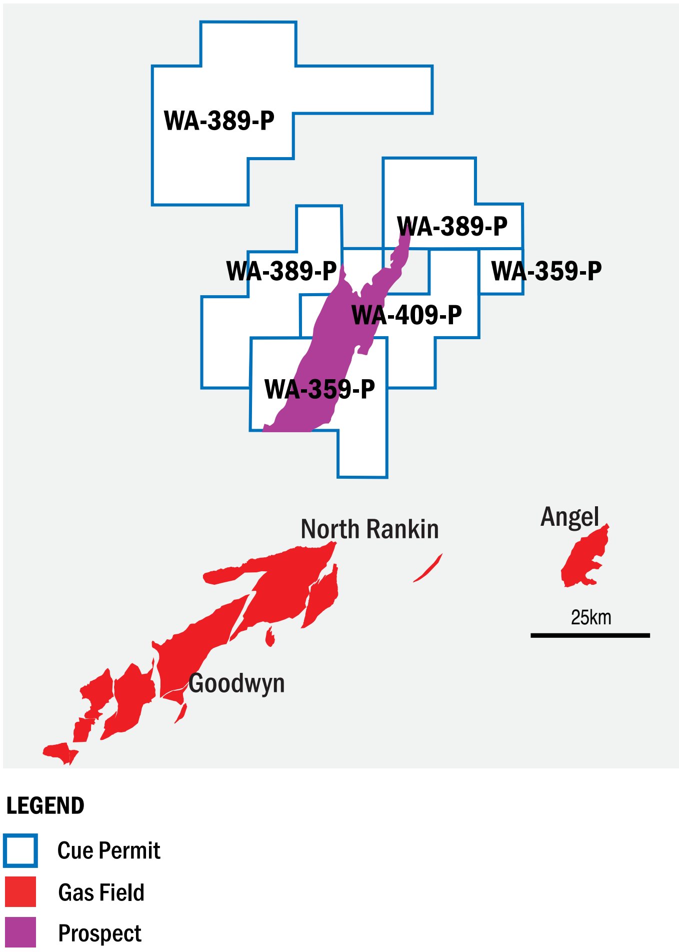
During the year, Cue farmed out 80% equity in WA-409-P to BP in exchange for BP funding the primary term commitment of the renewal, which includes seismic reprocessing. The reprocessing is expected to be completed during before the end of 2017.

WA-389-P

The operator, BHP Billiton, notified Cue of their withdrawal from WA-389-P during the year. All work commitments have been completed to date.

Cue believes that WA-389-P contains a structure and reservoir similar to the Ironbark prospect in WA-359-P and have taken 100% equity and operatorship of this licence. To allow time to further review the prospectivity of the Deep Mungaroo Triassic in WA-389-P, Cue have applied to the National Offshore Petroleum Titles Administrator (NOPTA) for a suspension and extension of the current permit year.

CARNARVON BASIN LOCATION MAP – AUSTRALIA



Exploration (Cont')

INDONESIA

Mahakam Hilir PSC

Fieldwork and data acquisition was undertaken during the year resulting in a positive review of the prospectively in the Naga Utara prospect, adjacent to the producing Sambutan gas field.

Gravity Gradiometry data collection and analysis revealed a gravity anomaly in the northen area of the permit, which aligns with the location of the Sambutan field. This feature was previously unnoticeable on the available seismic data and renewed Cue's technical interest in the Naga Utara prospect area.

Reprocessing of existing seismic data has providing a clearer understanding of why the Naga Utara 1 and 2 wells, drilled in 2012/2013 did not discover commercial quantities of hydrocarbons. Cue has also received an additional 9 lines of seismic data which ties the well data from the neighbouring Sambutan field through the Naga Utara prospect and allows correlation of the gas bearing sands.

Additional fieldwork undertaken has uncovered the locations and logs of wells drilled in the 1930s including Sambutan-8, which lies within the Mahakam Hilir PSC and contains valuable log data showing interpreted gas sands over a 100m interval that has never been tested or produced from. Cue is currently planning for an appraisal well to assess the the reservoirs shown in the Sambutan-8 well.

To allow further time to integrate all new data, confirm the prospectivity of the Naga Utara prospect and plan for a potential well, Cue has initiated discussions with the Indonesian Government for a variation to the 2 well work programme which is currently due by May 2018.

Cue has also commenced a farmout process to attract a partner to participate in the permit.

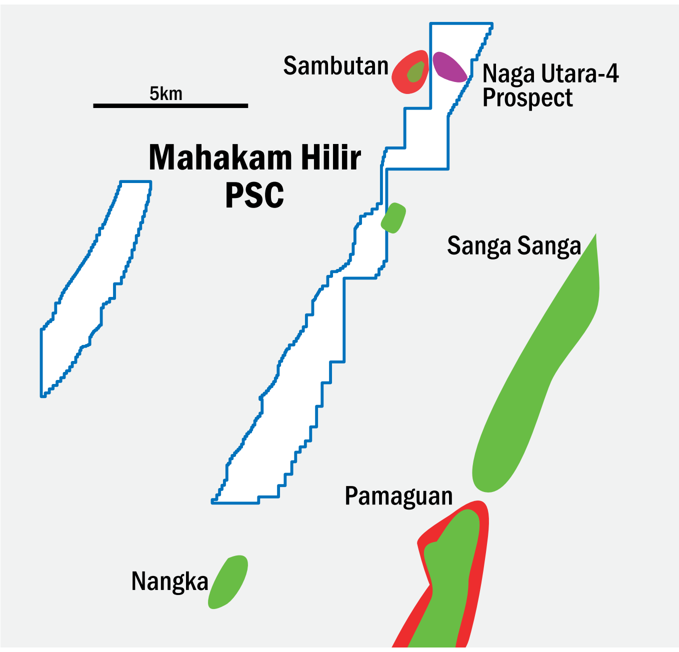
After a negative outcome from further analysis of the results of the Naga Selatan-2 well in January 2016, Cue has decided to plug and abandon the well.

Mahato PSC

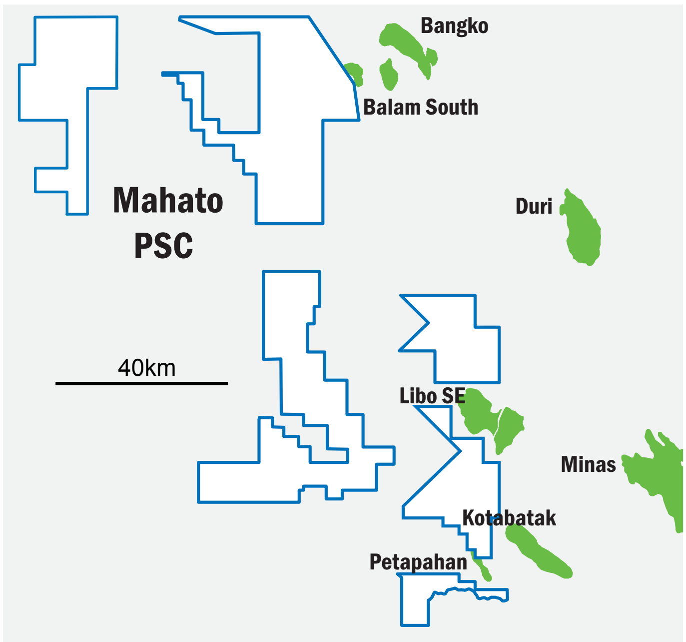
The Mahato PSC is in a highly prospective area close to several large producing oilfields. During the year, progress continued to be delayed by the lack of a legally binding agreement between the partners in the PSC.

Cue is continuing to work with the partners to solve outstanding issues to enable the drilling of a well in the Petapahan area during the 2018 fiscal year.

MAHAKAM HILIR PSC LOCATION MAP – INDONESIA



MAHATO PSC LOCATION MAP – INDONESIA



LEGEND

- Cue Permit
- Oil Field
- Gas Field
- Prospect

Reserves and Resources Summary

Net To Cue Energy Resources Limited As At 30 June 2017

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
INDONESIA									
Oyong [1][3] (Sampang PSC)	15%	0.00	0.06	-	0.42	0.00	1.18	-	0.37
Wortel [1][2] (Sampang PSC)	15%	0.01	3.2	-	1.22	0.02	4.53	0.01	2.15
NEW ZEALAND									
Maari [2] (PMP 38160)	5%	0.37	-	0.09	-	0.69	-	0.13	-
Total Reserves		0.38	3.26	0.09	1.64	0.71	5.71	0.14	2.52

CONTINGENT RESOURCES			BEST ESTIMATE (2C)	
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 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 2017 adjusted for production to 30 June 2017

(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 1 July 2017.

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 6th of September 2017, NZOG held an equity of 50.04% of Cue.

TABLE 1: Oil and Condensate Reserves and Resources Reconciliation with 30 June 2016

Proved Oil and Condensate Reserves (MMBBL)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2016 RESERVES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2017 RESERVES**
INDONESIA						
Oyong (Sampang PSC)	15%	0.04	(0.04)	0.00	-	0.00
Wortel (Sampang PSC)	15%	0.00	(0.00)	0.00	-	0.01
NEW ZEALAND						
Maari (PMP 38160)	5%	0.51	(0.15)	0.10	-	0.46
US						
Pine Mills	80%	0.37	-	-	(0.37)	0.00
Total Proved Oil and Condensate Reserves		0.93	(0.19)	0.11	(0.37)	0.47

Proved & Probable Oil and Condensate Reserves (MMBBL)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2016 RESERVES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2017 RESERVES**
INDONESIA						
Oyong (Sampang PSC)	15%	0.06	(0.04)	(0.02)	-	0.00
Wortel (Sampang PSC)	15%	0.01	0.00	0.02	-	0.03
NEW ZEALAND						
Maari (PMP 38160)	5%	1.30	(0.15)	(0.21)	-	0.82
US						
Pine Mills	80%	0.48	-	-	(0.48)	-
Total Proved & Probable Oil and Condensate Reserves		1.84	(0.19)	(0.32)	(0.48)	0.85

2C Contingent Oil and Condensate Resources (MMBBL)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2016 CONTINGENT RESOURCES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2017 CONTINGENT RESOURCES**
INDONESIA						
Jeruk (Sampang PSC)	8%	1.24	-	-	-	1.24
NEW ZEALAND						
Maari (PMP 38160)	5%	1.32	-	(1.32)	-	-
Total Contingent Oil and Condensate Resources		2.56	-	(1.32)	-	1.24

TABLE 2: Gas Reserves and Resources Reconciliation with 30 June 2016

Proved Gas Reserves (BCF)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2016 RESERVES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2017 RESERVES**
INDONESIA						
Oyong (Sampang PSC)	15%	0.91	(0.91)	0.47	-	0.48
Wortel (Sampang PSC)	15%	5.63	(1.33)	0.12	-	4.42
Total Proved Gas Reserves		6.54	(2.24)	0.60	-	4.90

Proved & Probable Gas Reserves (BCF)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2016 RESERVES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2017 RESERVES**
INDONESIA						
Oyong (Sampang PSC)	15%	1.85	(1.00)	0.70	-	1.55
Wortel (Sampang PSC)	15%	6.29	(1.37)	1.76	-	6.68
Total Proved & Probable Gas Reserves		8.13	(2.24)	2.47	-	8.23

2C Contingent Gas Resources (BCF)						
FIELD (LICENCE)	**CUE INTEREST**	**30 JUNE 2016 CONTINGENT RESOURCES**	**PRODUCTION**	**DISCOVERIES/ EXTENSIONS/ REVISIONS**	**ACQUISITIONS/ DIVESTMENTS**	**30 JUNE 2017 CONTINGENT RESOURCES**
INDONESIA						
Oyong (Sampang PSC)	15%	1.90	-	(1.90)	-	0
Total Contingent Gas Resources		1.90	-	(1.90)	-	0

Directors	Mr. Grant A. Worner (Non-Executive Chairman) Mr. Koh Ban Heng (Non-Executive Director) Mr. Duncan Saville (Non-Executive Director)
Chief Executive Officer	Mr. Matthew Boyall
Company secretary	Ms. Melanie Leydin
Registered office	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia
Principal place of business	Level 3, 10-16 Queen Street Melbourne, VIC 3000 Australia
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, VIC 3067 Australia
Auditor	BDO East Coast Partnership Collins Square, Tower Four Level 18, 727 Collins Street Melbourne, VIC 3008 Australia
Stock exchange listing	Cue Energy Resources Limited shares 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 2017.

Directors

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

Mr. Grant A. Worner
- Executive Chairman and interim CEO (appointed 23 March 2016, completed 30 June 2017)
- Non-Executive Chairman (appointed 1 July 2017)

Mr. Koh Ban Heng
Mr. Duncan Saville (appointed 18 August 2016)
Mr. Brian L. Smith (resigned 24 November 2016)
Mr. Andrew T.N. Knight (resigned 18 August 2016)

Chief Executive Officer

Mr. Matthew Boyall (appointed 1 July 2017)
Mr. Grant A. Worner (Interim CEO, appointed 23 March 2016 and completed 30 June 2017)

Chief Financial Officer/Company Secretary

Mr. Andrew M. Knox (contract terminated on 3 July 2017)
Ms. Melanie Leydin (appointed 3 July 2017)

Principal activities

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

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: www.cuenrg.com.au/irm/content/corporate-governance.aspx?RID=296

Dividends

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

Financial performance

The last two years have been particularly challenging for Cue as the Company re-set its strategy and completed material transformation activities. Cue impaired the exploration and evaluation expenditure previously capitalised, expensed current exploration and impaired production assets owing to the lower oil price and diminishing reserves, resulting in over $100m of ordinary activity losses in FY 16 and FY 17. In addition, exploration activities and overhead costs were right-sized to match the Company's simplified portfolio and maximise shareholder value by creating a sustainable business that could operate within its means, deliver disciplined growth, and retain step-change growth options.

Since June 2015, the Company's cash position has continued to reduce from $27m to $12.4m at 30 June 2017 as long outstanding commercial disputes from 2011 were resolved and settled, redundancy payments paid and loss making overseas assets sold.

This year, important overhead cost reduction initiatives initiated during FY 16 continued, including reducing staff numbers and relocating to cheaper offices; aligning our cost base with our lower exploration activity levels, future production receipts and the expected commodity price outlook.

Summary of Results for Year ended 30 June 2017

		2017	2016
		$ '000	**$ '000**
Revenues from ordinary activities of continuing operations	Down 22.9% to	35,000	45,412
Loss from ordinary activities after tax attributable to the owners of Cue Energy Resources Limited	Down 80.1% to	(17,299)	(86,835)
Loss for the year attributable to the owners of Cue Energy Resources Limited	Down 80.1% to	(17,299)	(86,835)
EBITDA	Up 96% to	(2,835)	(71,445)

Cash Position

Excluding one off items associated with restructuring and the Jeruk Project reimbursement, Cue achieved positive cashflow of $4.3 million, in a year when the price of oil continued to remain low and Maari production suffered a 6-week interruption.

	2017	2016
	$ '000	**$ '000**
Net Cash Outflow for the year	(7,121)	(6,167)
Addback: Non-Recurring Cash Expenditure		-
- Jeruk Project Reimbursement	9,631	202
- Restructuring	1,750	115
Normalised Net Cash inflow/(outflow) for the year	**4,260**	**(5,850)**

The company ended the year with cash and cash equivalents of $12.4 million and no debt.

Refer to the detailed Review of Operations preceding this Director's Report.

Significant changes in the state of affairs

During the financial year the Company: -

- Sold its interest in the Pine Mills Field in East Texas USA.

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

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The following activities may affect the expected results of operations:

- Farming down WA-359-P permits with the option to be exercisable by 25 October 2017 and can be extended to 1 December 2017 subject to certain conditions
- Farming down 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:	Mr. Grant A. Worner
Title:	Executive Chairman and interim CEO (appointed 23 March 2016, completed 30 June 2017) Non-Executive Chairman (appointed 1 July 2017)
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.
Other current directorships:	Pan Pacific Petroleum NL
Former directorships (last 3 years):	New Guinea Energy Ltd
Special responsibilities:	Member of Audit and Risk Committee
Interests in shares:	None

Name:	Mr. Koh Ban Heng
Title:	Non-Executive Director
Qualifications:	BSc, 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 Keppel Infrastructure Holdings Pte Ltd Keppel Infrastructure Fund Management Pte Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee
Interests in shares:	None

Name:	Mr. Duncan P. Saville
Title:	Non-Executive Director
Qualifications:	BCom (Hons), BSc (Hons), FCA, F FIn, FAICD
Experience and expertise:	Mr Saville is a Chartered Accountant and director of New Zealand Oil & Gas Limited, the Company's largest shareholder. 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:	New Zealand Oil & Gas Limited ICM Limited Somers Limited Homeloan Limited (Alternate) West Hamilton Holdings Limited
Former directorships (last 3 years):	Infratil Limited Touchcorp Limited
Special responsibilities:	Member of Audit and Risk Committee
Interests in shares:	349,368,803 fully paid ordinary shares
Interests in options:	None

Name:	Mr. Brian L. Smith - resigned 24 November 2016
Title:	Non-Executive Director
Experience and expertise:	Mr Smith is a solicitor admitted to practice in 1975 who has had more than 30 years' experience in the energy industry. He has had experience working in private practice, government and corporate fields and was the General Counsel to the Australian Gas Light Company, a listed entity, for over 17 years. He currently runs his own practice in Sydney specialising in commercial, energy and corporations law.

Name:	Mr. Andrew T.N. Knight - resigned 18 August 2016
Title:	Non-Executive Director
Qualifications:	BMS (Hons) CA
Experience and expertise:	Mr Knight was CEO of New Zealand Oil and Gas Limited between 2011 and 2016 and was on their Board from 2008 to 2015. He has previously held executive management roles with Vector and NGC and worked in New Zealand and Australia with The Australian Gas Light Company, Fletcher Challenge Energy and Coopers & Lybrand. Mr Knight is a director of the Petroleum Exploration and Production Association of New Zealand, Gas Industry Company Ltd, Taranaki Iwi Holdings Management Ltd, and Sea Group Holding Ltd. Mr Knight is a chartered accountant and graduate of Waikato University with a BMS (Hons) and is a member of Chartered Accountants Australia and New Zealand.

'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

Ms. Melanie 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.

Mr Andrew Knox was the CFO and Company Secretary for the year ending 30 June 2017. His contract with the Company was terminated on 3 July 2017. Ms Pauline Moffatt was the Co Company Secretary for the period between 1 July 2016 and 17 February 2017.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Grant A. Worner	7	7	2	2
Koh Ban Heng	7	7	2	2
Duncan P. Saville*	5	5	1	1
Brian L. Smith**	3	3	1	1
Andrew T.N. Knight***	2	2	1	1

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

* Duncan P. Saville (appointed 18 August 2016)
** Brian L. Smith (resigned on 24 November 2016)
*** Andrew T.N. Knight (resigned 18 August 2016)

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 2017, 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:
- Grant A. Worner - Executive Chairman and interim CEO (appointed 23 March 2016, completed 30 June 2017) Non-Executive Chairman (appointed 1 July 2017)
- Duncan P. Saville (Non-Executive Director) - appointed 18 August 2016
- Koh Ban Heng (Non-Executive Director) - appointed 29 July 2015
- Brian L. Smith (Non-Executive Director) - resigned 24 November 2016
- Andrew T.N. Knight (Non-Executive Director) - resigned 18 August 2016

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
- Andrew Knox (Chief Financial Officer/Company Secretary) – contract terminated on 3 July 2017
- Melanie Leydin (Chief Financial Officer/Company Secretary) - appointed 3 July 2017
- Jeffrey Schrull (Production and Exploration Manager) - resigned 5 December 2016

(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.

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 2017, 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

There were no cash bonuses paid in this financial year.

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

Grant A. Worner
Title: Executive Chairman and interim CEO (appointed 23 March 2016, completed on 30 June 2017), Non-Executive Chairman (commence 1 July 2017)
Agreement period: 23 March 2016 to 30 June 2017
Details: A fixed remuneration package of $35,000 per month (comprising salary and superannuation contributions). The original terms of this agreement were for a period of six months and revised to a variable remuneration package of up to $35,000 per month and extended to 30 June 2017. From 1 July 2017, Mr Worner receives Non-Executive Chairman fees of $75,000 per annum.

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 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.

Andrew M. Knox
Title: CFO and Company Secretary (contract terminated on 3 July 2017)
Details: Salary package of $393,067 per annum including superannuation. Mr Knox was made redundant on 3 July 2017, Termination payment comprised of: Unused Annual Leave $167,602; Unused Long Service Leave $215,838; Termination payment $719,346. Mr Knox's termination benefit was calculated in accordance with the Board resolution in March 2000.

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 - 2017

	Short-term benefits				Post-employment			
2017	Cash salary and fees $	Cash bonuses $	Non-monetary benefits (i) $	Consulting fees $	Long service leave $	Superannuation $	Termination payments $	Total $
Name								
G.A. Worner	75,000	-	-	347,967	-	19,616	-	442,583
D.P. Saville (ii)	32,609	-	-	-	-	-	-	32,609
B.H. Koh	43,505	-	-	-	-	-	-	43,505
B.L. Smith (iii)	29,959	-	-	-	-	-	-	29,959
*A.T.N. Knight (iv)	9,986	-	-	-	-	-	-	9,986
Other Key Management Personnel:								
A.M. Knox (v)	332,010	-	19,703	-	-	35,000	1,102,786	1,489,499
J.L. Schrull (vi)	207,828	-	-	-	-	8,437	-	216,265
M Boyall(vii)	-	-	-	-	-	-	-	-
	730,897	-	19,703	347,967	-	63,053	1,102,786	2,264,406

* A Knight director fee paid directly to NZOG.

(i) Non-performance based salary sacrifice benefits, including motor vehicle expenses.
(ii) D.P. Saville appointed 18 August 2016.
(iii) B.L. Smith resigned 24 November 2016.
(iv) A.T.N. Knight resigned 18 August 2016.
(v) A.M. 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. Mr Knox's termination benefit was calculated in accordance with the Board resolution in March 2000.
(vi) J.L. Schrull resigned 5 December 2016.
(vii) M Boyall appointed to the position of CEO on 1 July 2017.

2016	Short-term benefits Cash salary and fees $	Cash bonuses** $	Non-monetary benefits (i) $	Consulting fees $	Long service leave $	Post-employment Superannuation $	Termination payments $	Total $
Name								
G.A. Worner (ii)	31,875	-	-	105,168	-	9,993	-	147,036
B.H. Koh (iii)	84,218	-	-	-	-	-	-	84,218
B.L. Smith	91,827	-	-	-	-	-	-	91,827
P.G. Foley (iv)	85,575	-	-	-	-	-	-	85,575
S.A. Brown (v)	61,719	-	-	61,875	-	5,863	-	129,457
C.P. Hazledine (vi)	67,582	-	-	-	-	-	-	67,582
G.J. King (vii)	10,245	-	-	-	-	-	-	10,245
*A.T.N. Knight (viii)	24,519	-	-	-	-	-	-	24,519
A.A. Young (ix)	7,880	-	-	-	-	-	-	7,880
Other Key Management Personnel:								
A.M. Knox	199,121	125,049	149,699	-	12,317	35,000	-	521,186
J.L. Schrull	412,067	143,792	-	-	6,358	19,308	-	581,525
D.A.J. Biggs (x)	398,134	158,783	-	-	-	35,000	76,173	668,090
	1,474,762	427,624	149,699	167,043	18,675	105,164	76,173	2,419,140

* A Knight director fee paid directly to NZOG.
** Cash bonus disclosures paid.

(i) Non-performance based salary sacrifice benefits, including motor vehicle expenses
(ii) G.A. Worner appointed 23 March 2016
(iii) B.H. Koh appointed 29 July 2015
(iv) P.G. Foley resigned 4 March 2016
(v) S.A. Brown resigned 4 March 2016
(vi) C.P. Hazledine resigned 4 March 2016
(vii) G.J. King removed 29 July 2015
(viii) A.T.N Knight appointed 4 March 2016, resigned 18 August 2016
(ix) A.A. Young removed 29 July 2015
(x) D.A.J. Biggs resigned 15 April 2016

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

Name	Fixed remuneration 2017	Fixed remuneration 2016	At risk - STI 2017	At risk - STI 2016	At risk - LTI 2017	At risk - LTI 2016
Non-Executive Directors:						
G.A. Worner	100%	100%	-	-	-	-
D.P. Saville	100%	-	-	-	-	-
B.H. Koh	100%	100%	-	-	-	-
B.L. Smith	100%	100%	-	-	-	-
A.T.N. Knight	100%	100%	-	-	-	-
P.G. Foley	-	100%	-	-	-	-
S.A. Brown	-	100%	-	-	-	-
C.P. Hazledine	-	100%	-	-	-	-
G.J. King	-	100%	-	-	-	-
A.A. Young	-	100%	-	-	-	-
Other Key Management Personnel:						
A.M. Knox	100%	100%	-	-	-	-
J.L. Schrull	100%	100%	-	-	-	-
D.A.J. Biggs	-	100%	-	-	-	-

All remuneration paid to J.L. Schrull and A.M. Knox was incurred by the parent entity.

A.M. Knox was a Director of all the subsidiaries in the Group and an Executive of the parent company until his termination on 3 July 2017.

Matthew Boyall was appointed as Director of all the subsidiaries in the Group on 4 July 2017, except for Cue Resources Inc. Melanie Leydin was appointed as President, Secretary and Treasurer of Cue Resources Inc on 1 August 2017.

(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 2017 (2016: nil) (refer note 35).

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 2017.

The earnings of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017 $'000	2016 $'000	Restated 2015 $'000	2014 $'000	2013 $'000
Production income from continuing operations	35,000	45,412	36,704	32,246	49,798
(Loss)/Profit before income tax expense from continuing operations	(6,975)	(79,599)	26,916	753	8,409
(Loss)/Profit after income tax expense	(15,032)	(84,399)	32,191	(2,166)	6,369
Total Key Management Personnel Remuneration	2,264	2,419	2,061	1,713	2,729

	2017	2016	2015	2014	2013
Share price at start of year (cents)	8.10	7.60	12.00	11.00	18.00
Share price at end of year (cents)	5.50	8.10	7.60	12.00	11.00
Basic (loss)/earnings per share (cents)	(2.48)	(12.44)	5.86	(0.31)	0.91
Diluted (loss)/earnings per share (cents)	(2.48)	(12.44)	5.86	(0.31)	0.91

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	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
*Ordinary shares**					
Non-Executive Directors					
Duncan P. Saville	-	-	349,368,803	-	349,368,803
Andrew T.N. Knight (i)	335,854,341	-	-	(335,854,341)	-
Andrew A. Young (i)	450,000	-	-	(450,000)	-
Geoffrey J. King (i)	22,500	-	-	(22,500)	-
Other Key Management Personnel					
Andrew M. Knox	4,458,251	-	-	-	4,458,251
Jeffrey L. Schrull	453,109	-	-	(453,109)	-
	341,238,201	-	349,368,803	(336,779,950)	353,827,054

* Grant A. Worner (Non-Executive Chairman) and Koh Ban Heng (Non-Executive Director) do not hold any ordinary shares

(i) Non-Executive Director resigned during 2017 financial year, there is no share balance as at 30 June 2017.

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 26 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

Grant A. Worner
Non-Executive Chairman

27 September 2017

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

As lead auditor of Cue Energy Resources Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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, 27 September 2017

Cue Energy Resources Limited
Directors' declaration
30 June 2017

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 2017 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

Grant A. Worner
Non-Executive Chairman

27 September 2017

Cue Energy Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Revenue			
Production revenue from continuing operations		35,000	45,412
Production costs	5	(21,860)	(30,585)
Gross profit from production		13,140	14,827
Other income	6	219	3,779
Net foreign currency exchange loss		(451)	(90)
Expenses			
Impairment - Production	7	(6,386)	(25,103)
Impairment of exploration and evaluation expenditure	8	-	(49,963)
Exploration and evaluation expenditure	10	(8,369)	(16,329)
Administration expenses	9	(5,128)	(6,720)
Loss before income tax expense from continuing operations		(6,975)	(79,599)
Income tax expense	11	(8,057)	(4,800)
Loss after income tax expense from continuing operations		(15,032)	(84,399)
Loss after income tax expense from discontinued operations	12	(2,312)	(3,062)
Loss after income tax expense for the year		(17,344)	(87,461)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(42)	(1,624)
Reversal of Non-Controlling interest	12	669	-
Other comprehensive income for the year, net of tax		627	(1,624)
Total comprehensive income for the year		(16,717)	(89,085)
Loss for the year is attributable to:			
Owners of Cue Energy Resources Limited		(17,299)	(86,835)
Non-controlling interest		(45)	(626)
		(17,344)	(87,461)
Total comprehensive income for the year is attributable to:			
Owners of Cue Energy Resources Limited			
Continuing operations		(14,405)	(86,023)
Discontinued operations		(2,267)	(2,436)
		(16,672)	(88,459)
Non-controlling interest			
Continuing operations		-	-
Discontinued operations		(45)	(626)
Non-controlling interest		(45)	(626)
		(16,717)	(89,085)

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

	Note	Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	34	(2.15)	(12.09)
Diluted earnings per share	34	(2.15)	(12.09)
Earnings per share for loss from discontinued operations attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	34	(0.32)	(0.35)
Diluted earnings per share	34	(0.32)	(0.35)
Earnings per share for loss attributable to the owners of Cue Energy Resources Limited			
Basic earnings per share	34	(2.48)	(12.44)
Diluted earnings per share	34	(2.48)	(12.44)

Cue Energy Resources Limited
Statement of financial position
As at 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Assets			
Current assets			
Cash and cash equivalents	13	12,420	20,490
Trade and other receivables	14	4,372	4,481
Inventories	15	547	1,609
Non-current assets classified as held for sale	16	-	4,095
Total current assets		17,339	30,675
Non-current assets			
Property, plant and equipment		38	59
Production properties	17	30,082	42,564
Total non-current assets		30,120	42,623
Total assets		47,459	73,298
Liabilities			
Current liabilities			
Trade and other payables	18	3,931	9,050
Tax liabilities	11	3,942	1,865
Provisions		475	640
Liabilities directly associated with assets classified as held for sale	19	-	2,017
Total current liabilities		8,348	13,572
Non-current liabilities			
Deferred tax liabilities	20	3,401	4,167
Provisions	21	9,839	12,971
Total non-current liabilities		13,240	17,138
Total liabilities		21,588	30,710
Net assets		25,871	42,588
Equity			
Contributed equity	22	152,416	152,416
Reserves		-	42
Accumulated losses		(126,545)	(109,246)
Equity attributable to the owners of Cue Energy Resources Limited		25,871	43,212
Non-controlling interest		-	(624)
Total equity		25,871	42,588

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 2017

Consolidated	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Non-controlling Interest $'000	Total equity $'000
Balance at 1 July 2015 (Restated)	152,416	1,666	(22,411)	2	131,673
Loss after income tax expense for the year	-	-	(86,835)	(626)	(87,461)
Other comprehensive income for the year, net of tax	-	(1,624)	-	-	(1,624)
Total comprehensive income for the year	-	(1,624)	(86,835)	(626)	(89,085)
Balance at 30 June 2016	152,416	42	(109,246)	(624)	42,588

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

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 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Cash flows from operating activities			
Receipts from customers		35,608	45,166
Insurance refunds received		-	3,720
Interest received		160	58
Payments to suppliers (inclusive of GST)		(16,312)	(23,946)
Exploration and evaluation expenditure		(13,900)	(17,891)
Income tax paid		(6,736)	(5,160)
Royalties paid		(470)	(836)
Net cash (used in)/from operating activities	33	(1,650)	1,111
Cash flows from investing activities			
Payments with respect to production properties		(6,434)	(7,122)
Payments for plant and equipment		(11)	(156)
Proceeds from disposal of investments		974	-
Net cash used in investing activities		(5,471)	(7,278)
Net decrease in cash and cash equivalents		(7,121)	(6,167)
Cash and cash equivalents at the beginning of the financial year		20,490	27,605
Effects of exchange rate changes on cash and cash equivalents		(949)	(948)
Cash and cash equivalents at the end of the financial year	13	12,420	20,490

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 27 September 2017. 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 Company’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 29.

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 2017 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) 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.

(g) 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.

(h) Comparative figures

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

(i) 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.

(j) Foreign currency

Functional and presentation currency

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

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.

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 dates of the transactions; and
(c) all resulting exchange differences shall be recognised in other comprehensive income.

Note 2. Summary of significant accounting policies (continued)

(k) 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 2017. 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 Group does not hold complex financial instruments. 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
The Group holds contracts with operators in Indonesia and New Zealand where production income is generated. These contracts do not have complex performance obligations. Therefore, management does not expect the adoption of this accounting standard will have a material impact on the Group's financial performance.

AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019)
The consolidated entity will adopt this standard from 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at reporting date, the Group has non-cancellable operating lease commitments of $0.5 million (refer note 28). Management does not expect the adoption of this accounting standard will have a material impact on the Group's financial performance.

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. No deferred tax assets were recognised as at 30 June 2017.

(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 17 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.

Note 3. Critical accounting estimates and judgements (continued)

(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.

Note 4. Financial reporting by segments (continued)

At reporting date, the Group operates primarily in Australia but also has international operations in Indonesia, New Zealand and USA. Therefore, the Group is organised into four principles geographic segments: Australia, New Zealand, Indonesia and USA. On 1 November 2016, the Group sold its interest in Pine Mills production property in East Texas, USA. This has been separately disclosed as Discontinued Operations in the table below. 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 assessing performance and in determining the allocation of resources.

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

	Continuing operations				Disc. Ops	
2017	Australia $'000	NZ $'000	Indonesia $'000	USA $'000	USA* $'000	Total $'000
Revenue						
Gas revenue from continuing operations	-	-	21,597	-	-	21,597
Oil revenue from continuing operations	-	10,485	2,918	-	-	13,403
Production revenue from continuing operations	-	10,485	24,515	-	-	35,000
Production revenue from discontinuing operations	-	-	-	-	593	593
Production revenue	-	10,485	24,515	-	593	35,593
Production expenses (excluding amortisation)	-	(5,708)	(9,756)	(34)	(845)	(16,343)
Gross profit		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)

2016	Australia $'000	NZ $'000	Indonesia $'000	USA* $'000	Total $'000
Revenue					
Gas revenue from continuing operations	-	-	27,354	-	27,354
Oil revenue from continuing operations	-	13,091	4,967	-	18,058
Production revenue from continuing operations	-	13,091	32,321	-	45,412
Production revenue from discontinuing operations	-	-	-	984	984
Production revenue	-	13,091	32,321	984	46,396
Production expenses (excluding amortisation)	-	(6,608)	(13,045)	(2,720)	(22,373)
Gross profit		6,483	19,276	(1,736)	24,023
Other revenue	60	3,720	-	123	3,903
Impairment - production	-	(25,103)	-	-	(25,103)
Impairment - E&E	-	(3,921)	(46,042)	-	(49,963)
Foreign exchange movement	(90)	-	-	-	(90)
Earnings before interest expense, tax, depreciation and amortisation	(9,289)	(22,907)	(36,438)	(2,811)	(71,445)

	Continuing operations				Disc. Ops	
	Australia $'000	NZ $'000	Indonesia $'000	USA $'000	USA* $'000	Total $'000
TOTAL SEGMENT ASSETS						
Current Assets	10,439	1,923	4,968	9	-	17,339
Non-current Assets	38	21,857	8,225	-	-	30,120
Total 30 June 2017 Assets	**10,477**	**23,780**	**13,193**	**9**	**-**	**47,459**
Current Assets	16,588	1,911	8,081	-	4,095	30,675
Non-current Assets	59	32,629	9,935	-	-	42,623
Total 30 June 2016 Assets	**16,647**	**34,540**	**18,016**	**-**	**4,095**	**73,298**
TOTAL SEGMENT LIABILITIES						
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**
Current Liabilities	1,323	1,209	9,023	-	2,017	13,572
Non-current liabilities	31	12,421	4,686	-	-	17,138
Total 30 June 2016 Liabilities	**1,354**	**13,630**	**13,709**	**-**	**2,017**	**30,710**

* discontinuing/discontinued operations

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 (2016: 100%).

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

	Consolidated	
	2017 $'000	**2016 $'000**
EBITDA	(2,835)	(71,445)
Depreciation	(32)	(34)
Amortisation	(6,420)	(11,107)
Loss before income tax expense (including discontinued operations)	(9,287)	(82,586)

Note 5. Production costs

	Consolidated	
	2017 $'000	**2016 $'000**
Production costs	15,498	19,653
Amortisation of production properties	6,362	10,932
	21,860	30,585

Note 6. Other income

	Consolidated 2017 $'000	2016 $'000
Interest from cash and cash equivalents	154	59
Maari insurance refund	-	3,720
Other income	65	-
	219	3,779

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 2017, the Group reassessed the carrying amount of its oil and gas assets, Production Properties (refer note 17), for indicators of impairment such as changes in future prices, future costs and reserves. As a result, the recoverable amounts of cash-generating units were formally reassessed. An impairment of the Maari oil field development in New Zealand of $6.39 million (2016: $25.10 million), primarily as a result of reduced oil prices and reduction in oil reserves, was recognised during the year. The Pine Mills oil field development in the USA was impaired by $1.2 million in the 2016 financial year.

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% (2016: 14.3%) equivalent to post-tax discount rates of 10% (2016: 10%) depending on the nature of the risks specific to each asset. Recoverable amounts are estimated as follows:

Maari	$'000
Carrying value as at 30 June 2017	21,857
Less abandonment provision	9,500
Recoverable amount as at 30 June 2017	12,357

The abandonment provision is deducted from the carrying value of the asset as the cost of abandonment is included in its cost base. This adjustment is required to allow a true reflection of its carrying value against its recoverable value.

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.

Note 7. Impairment – Production (continued)

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. Impairment of exploration and evaluation expenditure

	Consolidated	
	2017 $'000	2016 $'000
Impairment of Exploration Assets		
Impairment Write Down		
Cue Mahakam Hilir PSC*	-	40,712
Mahato PSC	-	5,330
PEP51313	-	2,634
PEP51149	-	1,287
	-	49,963

* This includes the $36 million fair value on bargain purchase of the Mahakam Hilir PSC in accordance with AASB136. The full impairment of the Mahakam Hilir PSC was made as a result of the post well evaluation of the Naga Selatan -2 well drilling results. Although the results of the well were encouraging, as far as the original play concept was proven, the well could not be considered as a stand-alone commercial discovery as at the current resource and cost estimates and oil price projections, development of the field would be sub-economic.

Note 9. Administration expenses

	Consolidated	
	2017 $'000	2016 $'000
Depreciation of property, plant and equipment	32	34
Employee expenses*	3,647	4,793
Superannuation contribution expense	169	245
Operating lease expenses	290	254
Other expenses	808	1,003
Business development expenses	182	391
Total administration expenses	5,128	6,720

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

Note 10. Exploration and evaluation expenditure

	Consolidated	
	2017	2016
	$'000	$'000
Loss before income tax from continuing operations includes the following specific expenses:		
Costs carried forward in respect of areas of interest in exploration and evaluation phase	-	51,629
Impairment of exploration asset (i)	-	(51,629)
Closing balance at 30 June	-	-

(i) 2016 balance Includes foreign currency translation revenue of $1.67 million.

Exploration Costs Expensed		
Sampang PSC	3,953	213
Mahakam Hilir PSC	1,768	9,113
Mahato PSC	164	346
WA-359-P	162	488
WA-360-P	-	19
WA-361-P	-	23
WA-389-P	311	1,504
WA-409-P	2,017	537
PEP51313	(25)	159
PEP51149	-	3,860
PEP54865	19	67
Total exploration and evaluation expenditure	8,369	16,329

Accounting policy for exploration and evaluation project expenditure

AASB 6 Exploration for and Evaluation of Mineral Resources allows to either capitalise or expense the exploration and evaluation expenditure incurred by the Group. Commencing in the 2016 financial year, the Group's exploration and evaluation accounting policy changed exploration and evaluation expenditure against profit and loss as incurred, except for expenditure incurred after a decision to proceed to development is made, in which case the expenditure is capitalised as an asset. This does not include acquisition costs or costs capitalised as a result of a business combination. As a consequence of the change in accounting policy in the 2016 financial year and its retrospective application, $45.40 million of previously capitalised exploration expenditure was transferred to accumulated losses as at 1 July 2014.

Prior to the 2016 financial year, the accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest were current and costs were expected to be recouped or activities in the area of interest had not, at the reporting date, reached a stage that permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest were continuing.

The Group made a voluntary change to its accounting policy relating to exploration and evaluation expenditure in the previous financial year. The new accounting policy was adopted for the financial year ending 30 June 2016 with effect from 1 July 2015 and was applied retrospectively.

The Group is of the view that the change in policy will result in the financial report providing more relevant and no less reliable information because capitalisation of costs will only begin once a decision to proceed with development has been made.

Note 11. Income tax expense

	Consolidated 2017 $'000	Consolidated 2016 $'000
Income tax expense		
Current tax	6,564	4,744
Adjustment recognised for current tax in prior periods	2,259	1,706
Deferred tax	(766)	(1,576)
Aggregate income tax expense	8,057	4,874
Income tax expense is attributable to:		
Loss from continuing operations	8,057	4,800
Loss from discontinued operations	-	74
Aggregate income tax expense	8,057	4,874
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(6,975)	(79,599)
Loss before income tax expense from discontinued operations	(2,312)	(2,988)
	(9,287)	(82,587)
Tax at the statutory tax rate of 30%	(2,786)	(24,776)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unrealised foreign exchange movements	119	58
Non-taxable gain reversal on bargain purchase	-	11,287
Non-assessable intercompany interest	-	(470)
Non-deductible / (deductible) mining deductions	54	(407)
Unrecognised temporary differences	906	11,532
Unrecognised tax losses	4,180	8,183
Derecognition of deferred tax assets - continuing operations	-	(3,279)
Derecognition of deferred tax assets - discontinuing operations	-	74
Difference in overseas tax rates	3,325	966
	5,798	3,168
Adjustment recognised for current tax in prior periods	2,259	1,706
Income tax expense	8,057	4,874

During the 2017 financial year, following a tax audit, Cue Kalimantan received notices of amended assessment in relation to underpayment of 2011 tax for USD$1.3 million by SPC Mahakam Hilir Pte Ltd, the previous operator of the Mahakam Hilir SPC. Cue Kalimantan is currently disputing the amended assessment on behalf of SPC Mahakam Hilir. On the basis of conservatism, the full amount and penalty has been provided for as at 30 June 2017 in case of a negative result in the dispute and failure to pay the resulting obligation be SPC Mahakam Hilir.

During the 2016 income year, Cue Sampang Pty Ltd received notices of amended assessments in respect of the 2011 tax year. Under the amended assessments the additional tax payable including penalties and interest is $1.7 million. Cue Sampang Pty Ltd is currently disputing these amended assessments. Cue Sampang Pty Ltd has paid $0.6 million of the additional tax liabilities and has provided for the balance of $1.4 million.

Note 11. Income tax expense (continued)

	Consolidated 2017 $'000	Consolidated 2016 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Restoration provision	2,660	3,672
Employee provisions	150	199
Tax losses	27,712	23,615
Less deferred tax liabilities not recognised - Production properties	(667)	(611)
Less deferred tax liabilities not recognised - Inventories	(153)	(266)
Net deferred tax assets not recognised	29,702	26,609

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.

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

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

Note 12. Discontinued operations

Description
On 1 November 2016, the consolidated entity sold its interest in Pine Mills production property in East Texas. During the prior period, the interest in the Pine Mills production property in East Texas and the Pine Mills net asset was classified as held for sale (refer note 16 and 19). Cue intends to focus on core business in South East Asia and Australasia.

Financial performance information

	Consolidated 2017 $'000	Consolidated 2016 $'000
Production revenue	593	984
Foreign currency exchange gain	29	123
Total revenue	622	1,107
Operating expense	(845)	(2,720)
Impairment expense	-	(1,200)
Amortisation expense	(60)	(175)
Loss on disposal	(1,360)	-
Total expenses	(2,265)	(4,095)
Loss before income tax expense	(1,643)	(2,988)
Income tax expense	-	(74)
Loss after income tax expense	(1,643)	(3,062)
Reversal of Non-controlling interest	(669)	-
Income tax expense	-	-
	(669)	-
Loss after income tax expense from discontinued operations	(2,312)	(3,062)

Cash flow information

	Consolidated 2017 $'000	Consolidated 2016 $'000
Net cash used in operating activities	(446)	(2,239)
Net cash used in investing activities	(22)	(173)
Net cash from financing activities	-	2,232
Net decrease in cash and cash equivalents from discontinued operations	(468)	(180)

Note 12. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	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

	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 13. Current assets - cash and cash equivalents

	Consolidated 2017 $'000	2016 $'000
Cash at bank	12,420	20,490

Accounting policy for 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.

Note 14. Current assets - trade and other receivables

	Consolidated 2017 $'000	Consolidated 2016 $'000
Trade receivables	4,241	4,201
Less provision for doubtful debts	(38)	-
Other receivables and prepayments	169	280
	4,372	4,481

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

	Consolidated 2017 $'000	Consolidated 2016 $'000
Less than one month	1,711	4,201
3 to 6 months overdue	2,492	-
	4,203	4,201

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

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

Impaired receivables

At 30 June 2017, $38,885 current trade receivables were impaired (2016: nil).

Management will endeavour to recover the amount in full in 2018 financial year.

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

Accounting policy for trade and other receivables

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

Note 15. Current assets - inventories

	Consolidated 2017 $'000	Consolidated 2016 $'000
Inventories	547	1,609

Accounting policy for 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 16. Current assets - non-current assets classified as held for sale

Production asset reclassified as asset held for sale

	Consolidated	
	2017 $'000	2016 $'000
Trade and other receivables	-	371
Inventories	-	37
Property, plant and equipment	-	139
Production properties	-	3,548
	-	4,095

The Pine Mills asset was sold in the 2017 financial year (refer Note 12). There was no non-current asset held for sale as at 30 June 2017.

Liabilities directly associated with Pine Mill assets held for sale are disclosed in Note 19.

Accounting policy for non-current assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as “held for sale” occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash generation units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

Note 17. Non-current assets - Production properties

	Consolidated 2017 $'000	Consolidated 2016 $'000
Production properties	30,082	42,564

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 2015	78,131
Production asset reclassified as Asset held for sale (Pine Mills)	(3,548)
Impairment - production from discontinuing operations (Pine Mills)	(1,200)
Impairment - production from continuing operations	(25,103)
Expenditure incurred during the year	4,461
Changes in abandonment provision - production	930
Amortisation expense from continuing operations	(10,932)
Amortisation expense from discontinuing operations (Pine Mills)	(175)
Balance at 30 June 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

Net accumulated costs incurred on areas of interest	
Joint Venture assets:	
- Oyong and Wortel – Sampang PSC	8,225
- Maari – PMP 38160	21,857
Total	30,082

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 18. Current liabilities - trade and other payables

	Consolidated	
	2017	2016
	$'000	$'000
Trade payables and accruals	3,860	8,961
Amounts due to directors and director related entities	71	89
	3,931	9,050

Refer to note 24 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 19. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated	
	2017	2016
	$'000	$'000
Trade and other payables	-	1,447
Provisions	-	570
	-	2,017

The Pine Mills production asset held for sale and accounting policy are disclosed in note 16.

Note 20. Non-current liabilities - deferred tax liabilities

	Consolidated	
	2017	2016
	$'000	$'000
Deferred tax liability recognised comprise of		
Production properties	3,539	4,104
Inventories	-	290
Less deferred tax assets - Restoration provision	(138)	(227)
Deferred tax liability	3,401	4,167

Note 21. Non-current liabilities - provisions

	Consolidated 2017 $'000	Consolidated 2016 $'000
Employee benefits	24	31
Restoration	9,815	12,940
	9,839	12,971

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

Consolidated - 2017	Employee Benefits $'000	Restoration $'000
Carrying amount at the start of the year	671	12,940
Adjustment due to change in estimate	-	(3,125)
Provisions used during the year	(172)	-
Carrying amount at the end of the year	499	9,815

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. Cue is expecting to make payments on restoration provision as part of its cash calls within the next 12 months from 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.

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 22. Equity – contributed equity

	Consolidated			
	2017 Shares	2016 Shares	2017 $'000	2016 $'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 23. 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 2017 management did not pay any dividends (2016: nil).

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

The gearing ratios for the years ended 30 June 2017 and 30 June 2016 are calculated as follows:

	Consolidated	
	2017 $'000	2016 $'000
Trade and other payables	(3,931)	(9,050)
Tax liabilities	(3,942)	(1,865)
Less cash and cash equivalents	12,420	20,490
Total Equity	25,871	42,588
Total capital	30,418	52,163

The gearing ratio is nil for both 2016 and 2017 financial year, as the Group does not have external debt other than trade payables and tax liabilities.

Note 24. 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	
	2017	2016	2017	2016
CONSOLIDATED	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Cash and cash equivalents	12,420	20,490	12,420	20,490
Trade and other receivables	4,372	4,481	4,372	4,481
Non-traded financial assets	16,792	24,971	16,792	24,971
Financial liabilities				
Trade and other payables	3,931	9,050	3,931	9,050
Non-traded financial liabilities	3,931	9,050	3,931	9,050

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 amounts 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.

Note 24. Financial instruments (continued)

(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	
	2017 $'000	2016 $'000
Cash and cash equivalents	12,420	20,490

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

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

Based upon the 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	
	2017 $'000	2016 $'000
Impact on post-tax profit		
Interest rates +1%	124	205
Interest rates -1%	(124)	(205)
Impact on equity		
Interest rates +1%	124	205
Interest rates -1%	(124)	(205)

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 2017			30 June 2016		
CONSOLIDATED	**USD $'000**	**NZD $'000**	**IDR $'000**	**USD $'000**	**NZD $'000**	**IDR $'000**
Financial assets						
Cash and cash equivalents	7,831	96	199	19,264	495	129
Trade and other receivables	4,203	93	15	4,207	258	16
Financial liabilities						
Trade and other payables	1,927	742	15	7,357	911	60

Note 24. Financial instruments (continued)

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:

	USD $'000	NZD $'000	IDR $'000	Consolidated 2017 TOTAL $'000
Impact on post-tax profit				
Exchange rates +10%	1,011	55.3	19.9	1,086
Exchange rates -10%	(1,011)	(55.3)	(19.9)	(1,086)
Impact on equity				
Exchange rates +10%	1,011	55.3	19.9	1,086
Exchange rates -10%	(1,011)	(55.3)	(19.9)	(1,086)

	USD $'000	NZD $'000	IDR $'000	Consolidated 2016 TOTAL $'000
Impact on post-tax profit				
Exchange rates +10%	1,611	15.8	8.5	1,989
Exchange rates -10%	(1,611)	(15.8)	(8.5)	(1,989)
Impact on equity				
Exchange rates +10%	1,611	15.8	8.5	1,989
Exchange rates -10%	(1,611)	(15.8)	(8.5)	(1,989)

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 2017, the Group had no open oil price swap contracts (2016: 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 2017 $'000	2016 $'000
Impact on post-tax profit		
US dollar oil price +20%	2,681	3,662
US dollar oil price -20%	(2,681)	(3,662)
Impact on equity		
US dollar oil price +20%	2,681	3,662
US dollar oil price -20%	(2,681)	(3,662)

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.

Note 24. Financial instruments (continued)

(e) Liquidity risk

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

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

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

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

The following table analyses the contractual maturities of the Group's financial liabilities into relevant groupings based on the remaining period at the reporting date to the contractual undiscounted cash flows comprising principal and interest repayments. Estimated variable interest expense is based upon appropriate yield curves existing as at 30 June 2017.

	12 months or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Consolidated 2017				
Non-derivative financial liabilities				
Trade and other payable (Note 18)	3,931	-	-	-
	3,931			
Consolidated 2016				
Non-derivative financial liabilities				
Trade and other payables	9,050	-	-	-
	9,050	-	-	-

(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 25. 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

	Consolidated	
	2017	**2016**
	$	**$**
Short term employment benefits (including non-monetary benefits)	750,600	1,624,461
Cash bonuses	-	427,624
Consulting fees*	347,967	167,043
Long term employee benefits	-	18,675
Post-employment benefits	63,053	105,164
Termination payments**	1,102,786	76,173
Total employee benefits	2,264,406	2,419,140

*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 $64,868 in sublease income for the year ended 30 June 2017 (2016: Nil).

Repayment of amounts owing to the Company as at 30 June 2017 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 financial year. $1,565,065 were charged by the parent company to Cue Taranaki Pty Ltd in 2016.

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

Note 26. Auditors remuneration

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

	Consolidated	
	2017	**2016**
	$	**$**
Audit services -		
Audit or review of the financial statements	183,614	121,700
Other services -		
Advisory services	2,678	2,000
Tax compliance	50,950	20,000
Tax consulting	-	85,693
	53,628	107,693
	237,242	229,393

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

Note 27. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 30 June 2017.

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

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

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

Note 28. Commitments for expenditure

	Consolidated	
	2017	2016
	$'000	$'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	31,300	24
One to five years	-	30,310
	31,300	30,334
*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	1,765
One to five years	-	408
	2,122	2,173
*c) Operating lease commitments****		
Non-cancellable operating lease are payable as follows:		
Within one year	363	293
One to five years	124	409
	487	702

* 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.
*** New premises lease term of 5 years commenced on 12 April 2017, with a fixed increase of 3.75% p.a. and further term of 5 years, at the Company's option.

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 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2017 $'000	2016 $'000
Loss after income tax	(16,170)	(65,855)
Total comprehensive income	(16,170)	(65,855)

Statement of financial position

	Parent	
	2017 $'000	2016 $'000
Total current assets	12,345	20,510
Total assets	27,554	43,357
Total current liabilities	1,669	1,293
Total liabilities	1,693	1,324
Equity		
Contributed equity	152,416	152,416
Accumulated losses	(126,555)	(110,385)
Total equity	25,861	42,031

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for the acquisition of capital assets as at 30 June 2017 (2016: nil).

Lease commitments

The parent entity has no commitments in relation to leases as at 30 June 2017 other than disclosed in note 28.

Note 30. Shares in subsidiaries

Shares held by parent entity at the reporting date:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	2016 %
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%	100.00%
**Buccaneer Operating LLC (i)	USA	-	100.00%
**Cheetah Energy LLC (i)	USA	-	100.00%
Cue Taranaki Pty Ltd	Australia	100.00%	100.00%
Cue Cooper Pty Ltd	Australia	100.00%	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
** Shares held by Cue Resources, Inc.
(i) In November 2016, The Company disposed the Pine Mills production property in East Texas, together with Buccaneer Operations LLC and Cheetah Energy LLC. The ownership interest as at 30 June 2017 is nil.

Note 31. 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	100.00	645.00	645.00	25/04/2018
WA-389-P	Cue Exploration Pty Ltd	20.00	1,939.00	775.60	08/10/2018
WA-409-P	BP Developments Australia Pty Ltd	20.00	565.00	169.50	20/07/2021
Indonesia					
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	100.00	222.14	88.90	15/05/2020
Mahato PSC	Texcal Mahato Pte Ltd	12.50	5,600.00	700.00	20/07/2018
Petroleum production properties					
New Zealand					
PMP38160	OMV New Zealand Limited	5.00	80.18	4.00	02/12/2027
Madura - Indonesia					
Sampang	Santos (Sampang) Pty Ltd	15.00 (8.18 Jeruk Field)	534.50	80.20	04/12/2027

Note 31. Interests in joint operations (continued)

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

Summarised financial information

	2017 $'000	2016 $'000
Summarised statement of financial position		
Receivables	4,193	4,201
Inventory	547	1,609
Production Properties (note 17)	30,082	42,564
Total assets	34,822	48,374
Payables	2,653	8,298
Current tax liabilities	1,365	1,865
Restoration provisions	9,815	12,940
Deferred tax liabilities	3,401	4,167
Total liabilities	17,234	27,270
Net assets	17,588	21,104
Summarised statement of profit or loss and other comprehensive income		
Production income	35,000	45,412
Production expenses	(13,739)	(16,684)
Profit before income tax	21,261	28,728
Other comprehensive income	-	-
Total comprehensive income	21,261	28,728

Refer to note 27 in relation to contingent liabilities of the Group.

Commitments for expenditure are disclosed in note 28.

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 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 33. Reconciliation of loss after income tax to net cash (used in)/from operating activities

	Consolidated 2017 $'000	Consolidated 2016 $'000
Loss after income tax expense for the year	(17,344)	(87,461)
Adjustments for:		
Abandonment provision write back	3,083	-
Production property write down	6,446	23,241
Exploration impairment	-	49,990
Depreciation	32	34
Amortisation	6,362	11,107
Loss from discontinued operations	2,312	3,062
Reversal of Non-controlling interest	(669)	-
Net loss/(gain) on foreign currency conversion	422	(938)
Decrease/(increase) in trade and other receivables	109	(91)
Decrease in inventories	1,063	2,081
Decrease in deferred tax assets	-	70
Decrease in trade and other payables	(1,481)	(1,805)
Increase in tax liabilities	2,077	1,285
Decrease in deferred tax liabilities	(766)	(1,651)
(Decrease)/increase in provisions	(3,296)	2,187
Net cash (used in)/from operating activities	(1,650)	1,111

Note 34. Earnings per share

	Consolidated 2017 $'000	Consolidated 2016 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Cue Energy Resources Limited	(15,032)	(84,399)
	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	(2.15)	(12.09)
Diluted earnings per share	(2.15)	(12.09)

	Consolidated 2017 $'000	Consolidated 2016 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax	(2,312)	(3,062)
Non-controlling interest	45	626
Loss after income tax attributable to the owners of Cue Energy Resources Limited	(2,267)	(2,436)

Note 34 Earnings per share (continued)

	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)	(0.35)
Diluted earnings per share	(0.32)	(0.35)

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Earnings per share for loss		
Loss after income tax	(17,344)	(87,461)
Non-controlling interest	45	626
Loss after income tax attributable to the owners of Cue Energy Resources Limited	(17,299)	(86,835)

	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	(2.48)	(12.44)
Diluted earnings per share	(2.48)	(12.44)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit 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.

Note 35. Share-based payments

No performance rights were outstanding as at 30 June 2017 (2016: nil).

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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 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2017 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 2017 is $30.082 million (2016: $ 42.564 million), which consists of Maari and Sampang (Oyong and Wortel) assets, as disclosed in Note 17. The nature of these production property assets requires management to assess for indicators of impairment. The assessment of these indicators 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 managements 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 Deferred Tax and Uncertain Tax Positions

Key audit matter	*How the matter was addressed in our audit*
The consolidated entity recognised significant deferred tax liabilities as at 30 June 2017 of $3.4m (2016: 4.1m), which is disclosed in Note 20. Additional to this, 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 payable now and in the future, we involved our taxation specialists, to assist in our assessment of the deferred tax liabilities recorded at year end. We evaluated the assessment of these 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 in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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 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, 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.

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 18 to 23 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Cue Energy Resources Limited, for the year ended 30 June 2017, 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, 27 September 2017

Shareholder Information

1. Distribution of equitable securities

The shareholder information set out below was applicable as at 21 September 2017:

	Number of holders of ordinary shares
1 to 1,000	56
1,001 to 5,000	170
5,001 to 10,000	527
10,001 to 100,000	1,698
100,001 and over	307
	2,758
Holding less than a marketable parcel	418

2. Registered Top 20 Shareholders

The registered names and holdings of the 20 largest holdings of quoted ordinary shares in the Company as at 21 September 2017:

	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)	113,117,671	16.20
3. ABN Amro Clearing Sydney Nominees Pty Ltd (Custodian A/C)	15,986,452	2.29
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	5,017,035	0.72
7. Finot Pty Ltd	5,000,000	0.72
8. Berne No 132 Nominees Pty Ltd (52293 A/C)	4,300,000	0.62
9. Grizzley Holdings Pty Limited	4,282,604	0.61
10. Tintern (Vic) Pty Ltd (A & P Miller Family A/C)	3,660,701	0.52
11. Custodial Services Limited (Beneficiaries Holding A/C)	3,387,625	0.49
12. Mr Richard Tweedie (Richard Tweedie S/F A/C)	3,363,477	0.48
13. Lakemba Pty Ltd	3,084,051	0.44
14. Mr Tze Min Goh	3,020,000	0.43
15. Ms Rachel Irene Alembakis	2,960,000	0.42
16. Milliara Nominees (Aust) Pty Limited (Gill Family A/C)	2,818,289	0.40
17. Citicorp Nominees Pty Ltd	2,268,283	0.32
18. Mr Damiano Giorgio Pilla	1,996,427	0.29
19. Mr Koo Sing Kuang + Mrs Lai Wah Kuang (Lakemba Super Fund A/C)	1,909,788	0.27
20. Brinkworth Investment Pty Ltd (Brinkworth A/C)	1,750,000	0.25
	544,791,206	78.04

3. Vendor Securities

There are no restricted securities on issue as at 21 September 2017.

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. Annual General Meeting

Cue's 2017 Annual General Meeting will be held at Allens Lawyers, Level 37, 101 Collins Street, Melbourne VIC 3000, Victoria, Australia on Monday 27th November 2017, commencing at 9.00am (AEDT).

6. 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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Website: www.computershare.com.au

7. Sharecodes

ASX Share Code: CUE
ADR Share Code: CUEYY

8. Cue Energy Website

A wide range of information on Cue Energy is available on the Company's website, at www.cuenrg.com.au. The following information for investors is available:
- Share price information
- Annual report
- Quarterly reports
- Press releases