



## Cue Energy Resources Limited

A.B.N. 45 066 383 971

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Australia

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TO : Company Announcements Office  
10th Floor  
20 Bond Street  
Sydney NSW 2000

DATE : 18 October 2011

PAGES (including this page): 17

FROM : Andrew Knox

RE : Notice of Annual General Meeting and Explanatory Memorandum

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Attached please find Cue Energy Resources Limited's release with respect to the above mentioned.

Yours faithfully

A handwritten signature in black ink that reads "Andrew Knox".

Andrew M Knox  
Public Officer

**CUE ENERGY RESOURCES LIMITED**

**ABN 45 066383971**

**NOTICE OF ANNUAL GENERAL MEETING**

**and**

**EXPLANATORY MEMORANDUM**

Date of Meeting	24 <sup>th</sup> November 2011
Time of Meeting	10.00 am
Place of Meeting	RACV Club (City) 501 Bourke Street Melbourne VIC 3000  (Cloisters Level, Theatrette)

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

**CUE ENERGY RESOURCES LIMITED  
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The Secretary  
Cue Energy Resources Limited  
Level 21  
114 William Street  
Melbourne, Victoria 3000  
Australia  
Fax No: (61) 3 9670 8661

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the Shareholders of **Cue Energy Resources Limited** (the Company) will be held at RACV Club (City), 501 Bourke Street Melbourne Victoria 3000, Australia, on the 24<sup>th</sup> day of November 2011, commencing at 10.00am (AEDT) for the purpose of transacting the following items of business.

The explanatory notes which form part of this Notice of Annual General Meeting describe certain matters to be considered at the Annual General Meeting.

**AGENDA**

**Item 1 – Financial Statements and Reports**

To receive and consider the financial statements for the year ended 30 June 2011 and the reports of the directors and the auditors thereon.

**Item 2 - Remuneration Report**

To adopt the remuneration report for the Year ended 30 June 2011.

(Details of the resolution, including applicable voting exclusions, are contained in the explanatory notes.)

**Item 3 - Re-election of Director Mr S.J. Koroknay**

In accordance with the Company's constitution, Mr S.J. Koroknay retires by rotation and, being eligible, offers himself for re-election.

(Details of the resolution are contained in the explanatory notes.)

**Item 4 – Performance Rights Plan**

To consider and, if deemed fit, pass the following as an ordinary resolution:

“That approval is given for the purposes of section 200E of the Corporations Act 2001 (Cth), Exception 9 in Listing Rule 7.2 of the ASX Listing Rules and for all other purposes, to the Company:

- (a) issuing to those Key Management Personnel of the Company named in the Explanatory Notes to the Notice of Meeting ("Participants") Performance Rights in accordance with the Company's Performance Rights Plan as a long-term incentive;
- (b) issuing shares in the Company to the Participants on the vesting of some or all of those Performance Rights; and
- (c) giving to the Participants any retirement benefit which may become due under the Performance Rights Plan, as and on the basis described in the Explanatory Notes to the Notice of Meeting."

(Details of the resolution, including applicable voting exclusions, are contained in the explanatory notes.)

#### **Item 5 – Increase in Remuneration Pool for Non-Executive Directors**

To consider and, if deemed fit, pass the following as an ordinary resolution:

"That the maximum aggregate amount available for payment to the non-executive directors of the Company in accordance with rule 8.3(a) of the Company's Constitution be increased to \$700,000 per financial year."

(Details of the resolution, including applicable voting exclusions, are contained in the explanatory notes.)

#### **Item 6 – Election of Paul Derek Moore as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, a substantial shareholder of the Company, has given notice of nomination of Paul Derek Moore for election as a director of the Company.

(Details of the resolution are contained in the explanatory notes.)

#### **Item 7 – Election of Timothy Erick Dibb as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, a substantial shareholder of the Company, has given notice of nomination of Timothy Erick Dibb for election as a director of the Company.

(Details of the resolution are contained in the explanatory notes.)

#### **Item 8 – Election of Andrew Alexander Young as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, a substantial shareholder of the Company, has given notice of nomination of Andrew Alexander Young for election as a director of the Company.

(Details of the resolution are contained in the explanatory notes.)

## **Item 9 – Election of Geoffrey John King as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, a substantial shareholder of the Company, has given notice of nomination of Geoffrey John King for election as a director of the Company.

(Details of the resolution are contained in the explanatory notes.)

### **Explanatory Notes**

These Explanatory Notes provide shareholders with relevant information concerning each of the matters dealt with under Items 1 to 9 in this Notice of Meeting and to enable shareholders to make an informed decision as to the manner in which they vote in connection with those matters.

Shareholders are recommended to read these Explanatory Notes and this Notice of Meeting carefully and to seek professional advice as necessary. Shareholders who are eligible to vote are invited to attend the Meeting or to complete and return the enclosed Proxy Form within the time nominated.

### **Item 1: The Company's Annual Financial Statements and the Reports of the Directors and Auditor thereon**

The directors will table, for the consideration of members, the Company's annual financial report and the reports of the directors and auditor thereon, for the year ended 30 June 2011.

Neither the Corporations Act nor the Company's Constitution requires a vote of members on the reports or statements. However, shareholders will be given a reasonable opportunity to ask questions about or make comments on the management of the Company.

Also, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

### **Item 2: Remuneration Report**

To adopt the remuneration report for the year ended 30 June 2011.

#### ***Background***

The Corporations Act requires that the directors include a separately identified Remuneration Report in their annual directors' report and that a resolution to adopt the Remuneration Report be put to a vote of shareholders at the meeting.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution under Item 2 are voted against adoption of the Remuneration Report at the Meeting, and then again at the Company's 2012 annual general meeting, the Company would be required to put to shareholders a resolution proposing the calling of a general meeting to consider the appointment of the directors of the Company (**Spill Resolution**).

If more than 50% of shareholders were to vote in favour of the Spill Resolution, the Company would be required to convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the directors who were in office when the Company's 2012 Directors' Report was approved, other than a Managing Director, would cease to hold office immediately before the end of the Spill Meeting but could stand for re-election at that meeting. Following the Spill Meeting, those persons whose election or re-election as directors was approved would be the directors of the Company (in addition to, if any, a Managing Director and any other director taken to be appointed in accordance with the Corporations Act to ensure there were no fewer than three directors after the Spill Meeting).

### ***Additional Information***

A copy of the Remuneration Report for the year ended 30 June 2011 is included in the Company's 2011 Annual Report which can be accessed electronically on the Company's website at [www.cuenrg.com.au](http://www.cuenrg.com.au).

The Chairman will allow reasonable opportunity for shareholders to ask questions about or comment on the Remuneration Report at the Meeting.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the directors or the Company. However, the directors will take the outcome of the vote and any questions and comments into consideration when reviewing the Company's remuneration practices and policies and preparing Remuneration Reports.

### ***Directors' Recommendation and Undirected Proxies***

The resolution proposed in item 2 is a non-binding resolution and to be passed, requires the approval of at least 50% of the votes cast by shareholders entitled to vote, by voting in person or by proxy at the Meeting.

The directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

The Chairman intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

### **Item 3: Re-election of Director**

Mr S.J. Koroknay retires by rotation and, being eligible, offers himself for re-election.

The Constitution of the Company requires that at every annual general meeting, one-third or the closest number to one-third of the directors, shall retire by rotation from office and provides that such directors are eligible for re-election at the meeting.

### ***Directors' Recommendation and Undirected Proxies***

The directors recommend shareholders vote in favour of the resolution.

The Chairman intends to vote all open proxies in favour of the resolution.

#### **Item 4: Approval of the issue of performance rights under the Company's Performance Rights Plan and any retirement benefits that may become payable under the Plan**

The directors have decided to implement a Performance Rights Plan effective from 1 July 2011. The Remuneration and Nomination Committee has recommended the grant of performance rights as incentives for its executives. The use of long term incentives is considered a valuable means of aligning the interests of shareholders and the individuals to whom such long term incentives are provided and maintaining the long term commitment of Key Management Personnel to the long term objectives of the Company.

It also provides the Remuneration and Nomination Committee with a range of options to attract and retain Key Management Personnel, including executives. The number of performance rights granted and their terms and conditions are determined by the Board and defined in the Performance Rights Plan Rules and can be adjusted to reflect specific performance hurdles (as discussed below) in order to best match such rewards with the actual circumstances of the Company at a given point in time.

#### ***Performance Rights Plan***

Performance rights over shares in Cue Energy Resources Limited are to be granted under the Cue Energy Resources Ltd Performance Rights Plan ("Plan") from 1 July 2011 for future services provided as approved by the Board on 22nd June 2011. The Plan is designed to align the interests of executives with shareholders by providing direct participation in the benefits of future Company performance over the medium to long term. It is contemplated that performance rights will be granted to certain members of Key Management Personnel on an annual basis. Non-Executive Directors will not be eligible to participate in the 2011/12 offering of performance rights under the Plan.

The proposed participants in the 2011/12 offering under the Plan are:

- M.J. Paton
  - A.M. Knox
  - A.B. Parks
  - T. White
- (the "Participants").

For employee services provided from 1 July 2011, the Participants will be offered performance rights under the Plan. On 30 June 2011 the closing share price of Cue Energy Resources Ltd on the ASX (Code: CUE) was 26.5 cents. The performance rights to be granted to the Participants will vest as ordinary shares in the Company if at any time during the period 1 July 2012 to 30 June 2013 the volume weighted average sale price of shares in Cue Energy Resources Ltd quoted on the ASX over a period of 30 consecutive calendar days increases to 53 cents or more (the "share price vesting hurdle"). If the share price vesting hurdle is not met, then the performance rights lapse on 30 June 2013. If the share price vesting hurdle is met, the performance rights will vest upon the share price vesting hurdle being satisfied.

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.

Following exercise of a performance right, the Company must issue or transfer to the person exercising the performance right one share in the Company and that share will be credited as fully paid. All shares issued or transferred to a participant under the Plan will, from the date of issue or transfer, rank equally with all other issued shares. Once rights have vested and shares in the Company have been received, up to 50% of the shares may be sold by the recipient, but 50% of the shares must be held by the recipient for a period of 12 months from the vesting date.

The Participants will not be required to make any payment for the grant of the performance rights or on the exercise of a vested performance right. The following performance rights are proposed to be granted to the Participants following receipt of shareholder approval.

	Expiry Date	Share price vesting hurdle	M.J. Paton	A.M. Knox	A.B. Parks	T. White
2011 Performance Rights Issue	Expire if not vested by 30 June 2013	During period 1 July 2012 to 30 June 2013, ASX CUE VWAP 53 cents or more over 20 consecutive trading days	1,600,000	800,000	800,000	800,000

The maximum numbers of performance rights that could vest in future periods and hence be exercised by the Participants are as follows:

	Before 30 June 2013	Total
M.J. Paton	1,600,000	1,600,000
A.M. Knox	800,000	800,000
A.B. Parks	800,000	800,000
T. White	800,000	800,000
Total	4,000,000	4,000,000

The share price vesting hurdle in respect of the vesting of the performance rights to be issued under the Plan to the Participants (as described above) is classified as a market-based hurdle.

A summary of the terms of the Plan is as follows:-

1. Invitation to participate: The Board may from time to time in its absolute discretion make offers to Eligible Persons to participate in the Plan. Invitations are personal and non-transferable to another person.
2. Eligible Persons: Employees and directors of the Company or any associated company whom the Board determines is eligible to participate in the Plan.
3. Participation level: The number of performance rights that can be issued to a participant is determined by the Board.
4. Cost: Performance rights are issued at no monetary consideration to the participants.
5. Performance criteria: The performance criteria and the period over which the criteria must be satisfied as a condition for a share to be allocated in respect of a performance right are prescribed by the Board.

6. Change of Control: All of a participant's unvested performance rights that have not lapsed will vest if a takeover bid in respect of the Company becomes unconditional, the Company participates in a merger by scheme of arrangement or a shareholder or a group of associated shareholders obtain control of more than 50% of the voting power in the Company.
7. Other rights: Participants are entitled to receive all cash dividends, bonus shares and rights in respect of shares received by them as a result of the exercise of vested rights.
8. Plan changes: The Board has discretion to vary the rules of the Plan. It may also terminate or suspend the operation of the Plan.

The following additional information is provided in connection with the 2011/12 offering under the Plan:

1. The Participants in the 2011/12 offering under the Plan are M.J. Paton, A.M. Knox, A.B. Parks and T. White. None of the Participants is a director of the Company.
2. Four million performance rights will be issued, for no monetary consideration, to the Participants shortly after the Meeting if shareholder approval is obtained. The maximum number of ordinary shares that the Participants may acquire pursuant to the issue of performance rights is four million. Those ordinary shares will have a "nil" issue price.
3. None of the performance rights received by a Participant will vest unless the Participant is employed by the Company when the share price vesting hurdle is met.
4. If the employment of a Participant is terminated by the Company before 30 June 2013 without proper cause or due to redundancy, his death or total and permanent incapacity, then the Board of the Company may, in its absolute discretion, determine that some or all of the Participant's unvested performance rights will become vested performance rights.
5. The Participants are the only persons for whom approval is being sought under item 4 and have not previously received any performance rights. No directors of the Company or their associates have previously received performance rights.
6. There are no loans to the Participants with respect to the acquisition of the performance rights.
7. Future annual reports of the Company will disclose details of performance rights and ordinary shares issued under the Plan in the relevant periods of issue.
8. If shareholder approval for the issue of the performance rights is obtained, the Company will issue four million performance rights to the Participants shortly after the Meeting. Any ordinary share due to be provided to any Participant pursuant to the performance rights will be provided no later than 31 August 2013.
9. A voting exclusion statement in respect of the resolution proposed in item 4 is set out at the end of these explanatory notes.

### ***Approval of Retirement benefits***

If passed, the resolution proposed in item 4 will constitute shareholder approval under section 200E of the Corporations Act to the provision by the Company of certain retirement benefits to the Participants, as provided under the Plan. Depending on when the Participants cease to be employed by the Company, the performance rights or resulting ordinary shares may constitute the giving of a retirement benefit that requires shareholder approval. To address that possibility, the Company is seeking shareholder approval under section 200E of the Corporations Act for the issue to the Participants of the performance rights described in these Explanatory Notes and the provision to the Participants of those ordinary shares in the Company to which the Participants would be entitled if any of the performance rights vest.

The monetary value of the performance rights and any shares received by a Participant upon their vesting cannot be ascertained at this time. The value of the performance rights and any resulting ordinary shares received by each Participant will depend on various matters, including:

- the time at which the Participant ceases to be employed by the Company;
- the circumstances in which the Participant ceases to be employed by the Company;
- the share price at the time of vesting;
- other factors that cannot be identified or ascertained at this point.

### ***Exception 9 in Listing Rule 7.2***

Listing Rule 7.1 of the ASX Listing Rules limits the number of securities that a listed entity may issue by means of a placement in any 12 month period to 15% of the number of securities on issue at the start of the 12 month period. Exception 9 in Listing Rule 7.2 excludes from that limitation securities issued under an employee incentive scheme if, within 3 years before the date of issue, holders of ordinary shares have approved the issue of securities under the employee incentive scheme as an exception to Listing Rule 7.1.

If passed, the resolution proposed in item 4 will mean that performance rights issued under the Plan, and shares issued on the vesting of such performance rights, will fall within the exception for a 3 year period from the date of the meeting.

### ***Director's Recommendation and Open Proxies***

The directors consider that:

- the issue of performance rights to the Participants and the Participants' participation in the Plan; and
- the exclusion of performance rights issued under the Plan and shares issued on the vesting of such performance rights from the limitation in ASX Listing Rule 7.1,

are in the best interests of shareholders and recommend that shareholders vote in favour of the resolution proposed in item 4.

The Chairman intends to vote all open proxies in favour of the resolution.

### **Item 5: Approval of Increase in Remuneration Pool for Non-Executive Directors**

Rule 8.3(a) of the Company's Constitution provides that the aggregate remuneration payable by the Company to its non-executive directors in any financial year may not exceed the amount fixed by the Company in general meeting. Currently, the maximum aggregate remuneration that may be paid to non-executive directors in a financial year is \$400,000. Approval is now sought to increase that maximum aggregate amount to \$700,000 per financial year, an increase of \$300,000 per financial year.

The Company's current non-executive directors are Mr Tweedie, Mr Musca and Mr Koroknay. The current remuneration of the Company's non-executive directors is as follows:

<b>Director</b>	<b>Amount</b>
<b>R.G. Tweedie</b>	<b>\$100,000</b>
<b>L. Musca</b>	<b>\$100,000</b>
<b>S.J. Koroknay</b>	<b>\$100,000</b>
<b>TOTAL</b>	<b>\$300,000</b>

Approval is being sought to increase the remuneration pool for non-executive directors to allow for a larger board. If the four persons who have been nominated for election as new directors of the Company are elected at the Annual General Meeting, the board size will increase from 3 to 7 and the current remuneration pool would be inadequate. The increase in the remuneration pool would enable the Company to remunerate 7 non-executive directors at the current remuneration level.

If one or more of the persons who have been nominated for election as new directors of the Company are not elected at the Annual General Meeting, the increase in the remuneration pool would provide scope for future increases in non-executive directors' remuneration. The ability of the Company to offer fair remuneration is an important factor in attracting talented individuals as non-executive directors.

### **Item 6: Election of Paul Derek Moore as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, which (together with its associates) holds approximately 27% of the ordinary shares in the Company, has given notice of nomination of Paul Derek Moore for election as a director of the Company.

Paul Moore is Executive Vice President Upstream Energy and Resources of the Todd Corporation, a position he has held since July 2011. Paul has 30 years upstream experience in numerous countries across Oceania, South East Asia, Africa and Europe. He is a Fellow of the Australian Institute of Company Directors and of the UK Institute of Materials, Minerals and Mining. Paul holds a Master's Degree in Business Administration and a Bachelor of Science in Civil Engineering. He has worked in senior roles in the upstream oil and gas industry since 1982, including for: Shell International Petroleum Company Ltd as a Petroleum Engineer, Fletcher Challenger Energy - in a number of roles including Field Development Manager New Zealand, Petroleum Engineering and Operations Manager (Brunei) and Pohokura Project Manager; Santos, in a number of roles including Vice President Development Projects and Technical Services; Woodside in a number of roles including Executive Vice President Development Division and most recently as Managing Director of Otto Energy Ltd.

The attached letter from Todd Corporation provides further information in respect of the nomination.

**Item 7: Election of Timothy Erick Dibb as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, which (together with its associates) holds approximately 27% of the ordinary shares in the Company, has given notice of nomination of Timothy Erick Dibb for election as a director of the Company.

Tim Dibb is Manager New Ventures for the Upstream Energy and Resources Division of The Todd Corporation. Tim holds Bachelor of Science and Doctor of Philosophy Degrees and a Diploma in Management. He is an Earth Scientist with 28 years experience in the oil and gas industry, both upstream and downstream including with Texaco Global Gas and Power (Exploration Manager), Fletcher Challenger Energy Ltd (Exploration manager New Zealand), Santos Ltd (Manager Exploration Review and Audit) and as a consultant from November 2010 until mid-2011.

The attached letter from Todd Corporation provides further information in respect of the nomination.

**Item 8: Election of Andrew Alexander Young as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, which (together with its associates) holds approximately 27% of the ordinary shares in the Company, has given notice of nomination of Andrew Alexander Young for election as a director of the Company.

Andrew Young is not an Executive of the Todd Corporation. He has a Bachelor's Degree in Chemical Engineering and Master's Degree in Business Administration. He has 35 years' experience in the oil and gas industry for a number of companies including Esso Australia Ltd, Bridge Oil Ltd (GM Production and Engineering), New Zealand Natural Gas Corporation (Chief Operating Officer), Century Drilling (Managing Director), Gaffney Cline and Associates (Regional Director – Australasia), Anzon Australia Ltd/Anzon Energy Ltd (Managing Director), Gulf Research and Development (Special Advisor) and Digitalcore Pty Ltd (Managing Director). He is presently a Non-Executive Director of New Guinea Energy Ltd. Andrew was International President of The Society for Petroleum Engineers (2003), is a recipient of a number of International awards and is on several not-for-profit industry boards.

The attached letter from Todd Corporation provides further information in respect of the nomination.

**Item 9: Election of Geoffrey John King as a director**

In accordance with clauses 8.1(l) and 14.3 of the Company's Constitution, Todd Petroleum Mining Company Ltd, which (together with its associates) holds approximately 27% of the ordinary shares in the Company, has given notice of nomination of Geoffrey John King for election as a director of the Company.

Geoffrey King is not an Executive of the Todd Corporation. He has 33 years of international commercial and government legal experience, with much of that in the oil and gas industry including for Esso Australia (Area Legal counsel, Bass Strait), Ampolex Ltd (General counsel, Company Secretary and General Manager Law and Secretariat), the Asian Development Bank, and since 1997 as an independent legal consultant providing commercial advice and legal services to public and private commercial entities primarily in the oil and gas industry worldwide. Geoff is a director of Vermilion Oil and Gas Australia and of Phoenix Oil and Gas Limited and a past director of Singapore Petroleum.

The attached letter from Todd Corporation provides further information in respect of the nomination.

## **PROXY, REPRESENTATIVE AND VOTING ENTITLEMENT INSTRUCTIONS**

### **PROXY AND BODY CORPORATE REPRESENTATIVE INSTRUCTIONS**

On a poll, members have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a shareholder appoints more than one proxy, and more than one proxy attends the meeting, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act 2001 (Cwlth).

If you complete a proxy form that authorises the chairperson to vote on your behalf as proxyholder, and you do not mark any of the boxes so as to give the chairperson directions about how your vote should be cast, then your proxy will automatically become a directed proxy in favour of the resolution proposed in item 2 (Remuneration Report), and the chairperson will vote accordingly. If you wish to appoint the chairperson as your proxyholder, but you do not want to put the chairperson in the position to cast your votes in favour of that resolution, you should complete the appropriate box on the proxy form, directing the chairperson to vote against or abstain from voting on that resolution.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) and certificates appointing body corporate representatives or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) or certificate appointing a body corporate representative must be deposited at, posted to, or sent by facsimile transmission to the Company's office, level 21, 114 William Street, Melbourne 3000 or Fax (61) (03) 96708661, not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorized in writing or, if the shareholder is a corporation, in the manner permitted by the corporations act.

The proxy may, but need not, be a shareholder of the Company.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this notice.

## **VOTING ENTITLEMENT**

For the purposes of determining voting entitlements at the meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDT), 22<sup>nd</sup> November 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### **Voting Exclusion Statements**

#### ***Item 2 (Remuneration Report)***

A person must not cast a vote on the resolution proposed in item 2 of this Notice of Annual General Meeting if the person is:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a member of Key Management Personnel.

However, a person described above may cast a vote on the resolution if it is casting that vote as a proxy for a person who has specified how the proxy is to vote on the proposed resolution.

#### ***Item 4 (Performance Rights Plan)***

(a) A member of the Key Management Personnel and any closely related party of any such member that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution proposed in item 4 must not vote on the basis of that appointment unless:

- the proxy is the Chairman of the Annual General Meeting; and
- the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

(b) The Company will disregard any votes cast on the resolution proposed in item 4 by:

- a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(c) A vote on the resolution proposed in item 4 must not be cast by or on behalf of a Participant in the Plan (or an associate of a Participant) unless:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; and
- it is not cast on behalf of a Participant or an associate of a Participant.

#### ***Item 5 (Increase in Remuneration Pool)***

(a) A member of the Key Management Personnel and any closely related party of any such member that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution proposed in item 5 must not vote on the basis of that appointment unless:

- the proxy is the Chairman of the Annual General Meeting; and
- the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

(b) The Company will disregard any votes cast on the resolution proposed in item 5 by:

- a director of the Company; and
- an associate of a director of the Company.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Definitions**

Key Management Personnel broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, as listed in the Remuneration Report.

Chairman means the chairman of the Annual General Meeting.

Closely Related Party of a director or member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a Company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

By Order of the Board



A.M. Knox  
Company Secretary  
17 October 2011  
Melbourne

**2011 Annual Report**

**Shareholders who elected not to receive a printed copy of the 2011 Annual Report can access the Annual Report at Cue's website address:  
<http://www.cuenrg.com.au>**



17 October 2011

To all Cue Energy Shareholders

Dear fellow Cue Energy Shareholders

I wish to advise that Todd Energy (a wholly owned subsidiary of the Todd Corporation and a ~27% shareholder of Cue Energy) has nominated four candidates for election as Directors of the Cue Energy Board at the 2011 AGM. Summaries of their qualifications and experience will be sent to you by the Cue Energy Company Secretary.

Todd Energy would like to thank the current Directors for their loyal and effective service over the years. The nomination of these four new Directors is being made to supplement the existing Board to provide the skills and experience required to take Cue Energy into the future. Cue Energy aims to become a top end, mid cap entity and this vision is supported by Todd Energy. The Board nominees possess very substantial oil and gas sector experience, which will be invaluable as Cue seeks to achieve its full potential.

Two of the nominees, Andrew Young and Geoff King, have no association with Todd Energy or Todd Corporation and would, from a Corporate Governance perspective, be considered as independent Directors.

Two of the nominees, Paul Moore and Tim Dibb, are executive employees of Todd Energy and would thus not be considered as independent. However, Todd Energy does not have a right to appoint representative Directors to the Cue Board and, should Mr. Moore and Mr. Dibb be elected to the Board they would, as required under Australian law, act not on behalf of Todd Energy but in the best interests of Cue and all its shareholders.

Todd Energy recommends these nominees to you and asks for your support in their election to the Board.

Yours sincerely,

Chris Hall  
Vice President Growth Businesses and Group General Counsel