



## Cue Energy Resources Limited

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DATE : 12 November 2009

PAGES (including this page): 4

FROM : Andrew Knox

RE : **Chairman's Address – AGM 12 November 2009**

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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 Annual General Meeting of Shareholders**

**9.30am, 12 November 2009**

**Melbourne Australia**

**Chairman's Address**

Good morning ladies and gentlemen, welcome to the 28<sup>th</sup> Annual General Meeting of members of Cue Energy Resources Limited.

My name is Richard Tweedie and I am Chairman of the Company.

Before I continue let me first introduce you to the Company's Board members and senior management.

In the past year, substantial gains were achieved in monetizing Cue's portfolio of development and appraisal opportunities. First oil production began from the Maari field in New Zealand and at the beginning of October this year, gas production began from the Oyong field in Indonesia. In addition, successful wells were drilled into the M2A sand of the Maari field and to the Manaia oil discovery. M2A will begin production later this year and Manaia in early 2010.

During the year Cue maintained oil production volumes (331,260 bbls in 2009 versus 333,242 bbls in 2008 and forecast 600,000 bbls in 2010), but because of the dramatic downturn in oil price our production income reduced from A\$ 38 million to A\$ 30 million in 2009.

Gross profit in 2009 was a respectable A\$21.9 million. After allowing for amortization and depreciation expenses our operating profit before tax was \$6 million versus the record \$ 11.7 million profit last year. However, after writing down our exploration expenditure in Indonesia and in PNG we recorded a net loss of \$20.9 million. The impairment right downs were for one off expenses and we do not anticipate impairments of this magnitude in 2010.

Our current budget projections are for total revenue of about A\$34 million in calendar year 2009 and about A\$55 million in calendar year 2010, excluding any contribution from M2A and Manaia. The 2010 projection is based on an oil price of USD\$70 per barrel, achievement of production targets, and of course, stability in the current exchange rate and the oil price.

Forward oil prices in 2010 are currently at USD\$86 per barrel in Q3/Q4. With Cue maturing to 600,000 bbls of production in 2010 your board of directors has considered it prudent to hedge up to 25% of 2010 production to minimize downside price risk. We will endeavour to hedge at prices of no less than USD\$85 per barrel.

The Company is moving to FEED (initial engineering and design) at the Wortel gas project in Indonesia. Wortel will be a valuable gas development which will be tied into the Oyong gas production facilities. Our share of development cost is USD\$15 million and will significantly add to Cue's cash flow in 2011.

It is pleasing to note that Cue has a diverse portfolio of well balanced quality assets ranging from producing oil fields to exploration areas, plus significant discovered gas resources.

We are particularly pleased with our 100% exploration area in the Carnarvon Basin and with our two new exploration areas in New Zealand. The recently acquired 3D seismic in WA389P in the Carnarvon Basin has produced an exciting prospect. The Caterina prospect is on trend from the massive Wheatstone and Pluto fields, which are moving to LNG project construction. Caterina could possibly hold up to 11 TCF of in place gas.

We have commenced a 2D seismic acquisition program at our Barikewa gas field in PNG, prior to the planned further drilling in 2011. The Barikewa gas field is adjacent to the proposed ExxonMobil LNG gas pipeline. Barikewa is well placed to, in time, sell gas into an LNG scheme. Estimated in place gas currently stands at more than 1 TCF.

We expect that, in time, these and other of our areas have the potential to replace our current oil production and to substantially increase our gas resources.

Over the past year we have put in place measures to ensure that our discretionary spending has been efficiently allocated and costs have been contained wherever possible.

I believe that the Company is well placed to continue its path of growth and to continue to enhance shareholder value.

Our recent rights issue at 15 cents per share raised A\$9.6 million. Shareholders have been well rewarded with the share price moving to 24 cents. Cue recently successfully listed on the NZX in New Zealand with significant trades occurring and thereby adding depth to Cue's share trading base.

Finally, I would like to take this opportunity to thank Geoff Albers, Cue's founding Chairman for his long and valuable service to the company. I also thank the management and staff of of the Company for their hard work and dedication, and all shareholders of the Company for their continuing support.

Richard Tweedie

Chairman