



Cue Energy Resources Limited

A.B.N. 45 066 383 971

15 November 2012

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Company Announcements Office
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Sydney NSW 2000

Annual General Meeting – Chairman’s Address

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

Yours faithfully

Andrew M Knox
Public Officer

CUE ENERGY OVERVIEW

Cue is an Australian based oil & gas company with projects in Australia, New Zealand, Indonesia and PNG.

THE COMPANY HAS:

- Long life production
- A strong balance sheet
- An active exploration program

CUE ENERGY DIRECTORS

- Richard Tweedie (Chairman)
- Timothy Dibb
- Geoffrey King
- Steve Koroknay
- Paul Moore
- Leon Musca
- Andrew Young

CUE ENERGY MANAGEMENT

- Andrew Knox (CFO)
- David Whittam (Exp Man)

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LISTINGS

ASX:	CUE
NZX:	CUE
POMSOX:	CUE
ADR/OTCQX:	CUEYY



Cue Energy Resources Limited

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RELEASE

(ASX: CUE; NZX: CUE; POMSOX: CUE; ADR/OTC: CUEYY)

Cue Annual General Meeting of Shareholders

10.00am, 15 November 2012

Melbourne Australia

Chairman's Address

Good morning ladies and gentlemen, welcome to the Annual General Meeting of members of Cue Energy Resources Limited. My name is Richard Tweedie and I am Chairman of the Company. With us today are the other members of the board Leon Musca, Steven Koroknay, Paul Moore, Timothy Dibb, Geoffrey King and Andrew Young, and our Chief Financial Officer Andrew Knox. Our auditors are also present to answer any audit questions you may have.

As of yesterday Mark Paton has resigned as CEO and your Board has appointed Andrew Young as interim CEO until a new CEO is appointed. We anticipate this will occur by March 2013.

Total production volumes fell from 990,000 barrels of oil equivalent in 2011 to 760,000 barrels of oil equivalent in 2012. Gas production volumes were 2.9 bcf which were similar to last year but oil production volumes fell substantially from 500,923 barrels in 2011 to 279,107 barrels in 2012. The reduction in oil volume was partly caused by the natural decline of the Maari reservoir, the underperformance of the water flood in the Maari- Moki reservoir and problems with the electrical submersible pumps. It was also partly caused by an increase in the Indonesian government's share of profit oil from Oyong production. All of the Oyong project costs have now been recovered and under the terms of the production sharing contract the Indonesian government starts to take its share of profit oil.

We have been working closely with the operator of our Maari asset, OMV, to determine how we can improve asset performance. Plans are being put in place to further appraise the greater Maari area which should confirm reserves additions in 2013 and result in additional production from 2014 onwards.

The Wortel gas field is now in production. The project was completed largely on schedule and commenced production on 31st January 2012 at a stabilised rate of 47 mmscfd from the two platform wells. With a full year of production Wortel will contribute substantially to Cue's cash flow in 2013.

As a consequence of reduced production volumes our gross profit was down to \$27.4 million compared with the 2011 result of \$43.4 million. This reduction was despite the average realised oil prices being about 105 US dollars per barrel and approximately 10 per cent higher than in 2011. Net profit after tax for the year was \$5.7 million down from \$19.1 million for 2011.

The company's balance sheet remains strong. At the end of the financial year the company had cash reserves of \$33.7 million and no debt. The project finance facility taken out to fund Cue's share of the Maari project was completely repaid. Our cashflow forecast indicates that the company has sufficient financial resources to deliver the business plan based on current oil prices, over the next five years.

The company participated in three exploration wells, two within the Mahakam Hilir permit in the Kutei Basin in Indonesia called Naga Utara-1 and Naga Selatan-1 and one on the North West Shelf of Australia called Banambu Deep-1. Naga Utara-1 appears to be a high pressure gas discovery but it is too early to be certain regarding a commercial development or reserves volumes. However, with further appraisal there is potential for Cue to book substantial additional reserves in 2013. Naga Selatan and Banambu Deep-1 both failed to encounter producible hydrocarbons although in the case of Naga Selatan there were good oil and gas shows which caused us to deepen the well to 8,300 feet. There is an up-dip potential in Naga Selatan which may be appraised in the future.

In 2013, Cue will continue to explore for conventional oil and gas resources onshore Indonesia in the Mahakam Hilir permit. The follow up to the Naga Utara high pressure gas discovery will be a well to be called Naga Merah-1. The well is planned to be drilled in the first quarter of 2013. Once this well has been drilled and tested we are hopeful of being able to book substantial gas reserves and firm up further exploration drilling within the permit.

In PEP51313, Cue and its partners funded the extension of the Maari 3D seismic survey to cover the Whio (formerly Pike) prospect and the spill chain to the south including the Paua and Matariki stratigraphic leads. The 3D survey is currently being processed. We have identified a robust, low risk prospect at Whio and the leads to the south and crystallise our plans to drill these prospects. In the same permit the 2D seismic data over the Pukeko and Te Whatu leads obtained in 2011 have confirmed the existence of robust four way dip closures in both leads which could potentially lead to drilling one of these prospects in 2013 or 2014. The Joint Venture is currently in discussion with OMV, the operator of the Maari field, regarding access to Maari infrastructure for the tie in of any discovery in PEP 51313.

In Australia, in June 2012, we had a disappointment in WA389-P where the Banambu Deep-1 exploration well was a dry hole. The well was operated by Woodside Petroleum and would have been transformational for Cue had it discovered gas. BHP Billiton Petroleum farmed in to the permit for a 40% interest in return for funding the Banambu Deep-1 well to a capped amount and contributing to Woodside's back costs. The

Movida 3D survey acquired by Woodside in 2011 confirmed the existence of a number of prospects within the permit including the Caterina prospect which could contain up to 8 TCF of recoverable gas reserves. Cue still has 35% equity in the permit and is hopeful that BHP and Woodside see additional prospectivity within the permit and will participate in further drilling. Recently Cue has renewed the WA-359-P licence on a 100% basis and a well has been committed in the renewal. Cue has equity in five contiguous permits on the North West Shelf which are adjacent to the Rankin and Goodwyn fields. We are of the view that there is still strong potential for a significant discovery within our permits and we are working hard to identify and drill viable prospects within these permits.

In Papua New Guinea the PNG LNG facilities are being constructed with commissioning expected in June 2014. The SE Gobe gas cap will be depleted and sold to the PNG LNG joint venture. This will monetise a static gas resource and also extend the economic life of the oilfield. Gas sales from SE Gobe will commence at the rate of 35 mmscfd from mid 2014. The PNG LNG project will ultimately permit a number of static gas resources to be produced and to that end the PRL-9 joint venture continues to seek early commercialisation for the Barikewa gas discovery.

As Chairman of the board I can assure shareholders that the Board and Management of Cue continue to work hard to build your company and we believe that in 2013 we will deliver increased production and with a little good fortune increased reserves. The company is actively seeking new opportunities some of which we hope to be able to announce in the near future. The company has a very solid balance sheet and so will be able to take full advantage of these new opportunities as they arise. We are very aware of the unsatisfactory level of the current share price. A primary objective of the Board in 2013 will be to rectify this situation.

Finally, I would like to take this opportunity to acknowledge the service of our outgoing Director Leon Musca. Leon is retiring today after 13 years of service to the company. The Board of Cue wish Leon well for his retirement.

Finally, I wish to advise that this will be my last AGM to address you. I will be vacating the Chair position and resigning as a Director in 2013. Geoff King will take over as Interim Chairman until the Board has resolved on a new Chair.

Thank you for your support.



Richard Tweedie
Chairman