ABN 45 066 383 971

24 November 2016 **PAGES (including this page): 5**

ASX Market Announcements
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Chairman's Address

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

Yours faithfully

Andrew M Knox
Chief Financial Officer

CUE ENERGY OVERVIEW

Cue is an Australian based oil and gas company with activities in Australia, New Zealand, Indonesia and the USA.

THE COMPANY HAS:

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

CUE ENERGY DIRECTORS

- Grant Worner (Executive Chairman)
- Koh Ban Heng
- Duncan Saville
- Brian Smith

CUE ENERGY MANAGEMENT

- Andrew Knox (CFO)
- Jeffrey Schrull (Exp Man)

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ADR/OTC: CUEYY

<u>Cue Annual General Meeting of Shareholders</u>

9.00am, 24 November 2016

InterContinental Melbourne
The Rialto, 495 Collins Street
Melbourne VIC 3000
Victoria, Australia

Chairman's Address

Good morning ladies and gentlemen. Thank you for joining us.

A few housekeeping matters for good order:

- If you haven't already done so could you please turn your mobile phone to silent.
- I would also ask you to note that any unauthorised recording or photography during the course of the meeting today is prohibited.
- Before we begin I would like to hand over to the hotel staff to brief you on actions to take in the unlikely event of an emergency.

A quorum is present and I declare open the 2016 Cue Energy Annual General Meeting.

Our compliance statements are set out on slide 2 of today's presentation for those of you who wish to review them later.

I am pleased to provide my first Chairman's address.

Before I begin I would like to introduce a few others who are joining me:

- Non-executive directors, Koh Ban Heng, Duncan Saville, and Brian Smith, and
- Andrew Knox, our Company Secretary

As you are aware, both Duncan and I are seeking your approval for election to the Board today following our appointment by the Board earlier this year.

Brian has chosen to retire from Cue's Board today and I would like to take the opportunity now on behalf of the Company to thank him for his contribution over the last two years.

In addition to the shareholders in the room I am advised we have received proxies and postal votes for 478,797,560 shares representing some 68.5% of the company's capital.

After this address we will turn to shareholders' questions and then we will deal with the election of directors foreshadowed in the notice of meeting.

2016 Year in Review

I would like to begin my address with a summary of Cue's notable events and results over the 2016 financial year where its achievements included:

- A 24% increase in production on the back of prior year investments.
- The extension of Sampang's field life until at least 2018.
- Production optimisation and integrity assurance following the large investment in the Maari Growth Project.
- Unfortunately despite concerted efforts production from Pine Mills never reached our expectations.
- The non-operated onshore Te Kiri North -1 well was drilled and abandoned as a dry hole.
- The 100% owned and operated Naga-Selatan-2 well drilled in the Mahakam Hilir PSC encountered oil shows and high background gas. Further work is underway to fully assess the resource and to identify appraisal locations.
- Two wells were expected to be drilled in the first half of 2016 in the Mahato PSC but progress stalled as the joint venture partners have not signed a legally binding Joint Venture agreement.
- Cue spent the majority of the financial year running the Ironbark farm-out process, with a successful outcome announced last month.

As a result of these activities Cue's gross profits increased by 15%, however after-tax losses were $85M after impairments of assets and the Company's cash balance declined by $7M over the financial year.

This is the third year in a row where Cue's cash balance has declined whilst delivering a strategy set in 2013 with a goal of adding 5 million barrels of reserves by the end of calendar year 2018. In that time the Company's cash balance fell from $59 million at the end of the 2013 financial year to $20.5 million after drilling 5 wells and investing in the Maari Growth Project and licence acquisitions in Indonesia and the USA. Unfortunately Cue's efforts coincided with a significant decline in oil prices which also contributed to disappointing financial returns.

A More Focussed Strategy

During the year shareholders exercised their rights and chose to refresh the Company's Board of Directors. On the back of these appointments the new Board reset Cue's strategy in June, setting three objectives:

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

Since Cue began implementing this strategy the Company's share price has grown and shareholders are 50% per cent better off despite a decline in oil price over the same period.

Cue's share of two production assets operated by Santos and OMV in Indonesia and New Zealand respectively are key to the Company's ability to be a sustainable business. Indonesia offers near term growth opportunities for Cue, and the highly prospective acreage operated by BP and BHP Billiton in the North West Shelf provide step-change opportunities for the Company.

Strategy Implementation

Cue is actively implementing the Company's three strategic objectives.

Both the oil production in New Zealand and the gas production and sales in Indonesia are forecast to continue well into the next decade. In a low oil price environment two thirds of Cue's revenues emanate from the high, fixed price USD gas sales in Indonesia.

However historic overheads were too high. To ensure the Company retains its ability to be a sustainable business in a low oil price environment Cue took action during the year to reduce overheads and administration costs by 40%. Further reductions are likely. To demonstrate our commitment to lowering costs the Directors chose to reduce annual Board fees from $480k to $160k per annum.

Sampang's field life extension to 2020 or beyond will require minimal capital and will largely be funded within operating expenses. This project is expected to reduce production costs by approximately 50% per annum, increase 2P reserves by 37%, and increase operating margins by 34%.

The Sampang joint venture has identified near term exploration potential that if successful, could further extend the gas production well beyond 2020. The Paus prospect is believed to be a low risk opportunity and a potential drilling candidate for the 2018 financial year.

Additional geology and geophysics activities are underway in the Mahakam Hilir PSC and the Company is seeking industry partners to share the potential benefits and costs of drilling.

Progress in the Mahato PSC has stalled for the last two years because the joint venture has been unable to agree to a Joint Operating Agreement. Once these issues are resolved Cue expects the Operator will quickly move into drilling an attractive prospect in the licence, likely in 2017.

Following the end of the financial year Cue exited the New Zealand exploration permits and also announced the sale of the Pine Mills assets in the USA, which is expected to complete before the end of the 2016 calendar year.

An exciting development announced last month was BP's farm-in to block WA-409-P which partially covers the Ironbark prospect.

Ironbark Prospect, North West Shelf

Ironbark is a giant Mungaroo Formation prospect that is mapped with an area of up to 400 square kilometres with a best technical estimate of 15 Trillion cubic feet (Tcf) of recoverable gas resource based on an internal technical assessment performed by Cue. To put this into perspective, if Cue's assessment is proven to be correct, Ironbark would be three times the size of the Scarborough, Wheatstone, or Pluto fields.

The Ironbark prospect is only about 50km from the North Rankin platform and Wood Mackenzie forecast that the associated Northwest shelf LNG plants and infrastructure will have spare capacity from 2021.

Having an extremely large prospect near infrastructure that will have spare capacity in the near future is an enviable asset for a company the size of Cue. However significant capital is needed to drill and prove the prospectivity of the acreage.

Having de-risked the opportunity as much as it could afford, Cue sought partners that have the credibility, balance sheet and technical expertise to drill an exploration well and subsequently began a farm-out process in the 2016 financial year. Cue was very pleased to announce a transaction last month where BP had acquired 80% equity in block WA-409-P, will be Operator, and in exchange will fund Cue's 20% equity interests for the next 3 years. BP also has an option to acquire 42.5% equity of WA-359-P and if this option is exercised, funding of 50% of the cost of drilling a well is secured. BP has subsequently been assisting Cue in attracting an Operating Partner.

Cue is hopeful of being able to conclude negotiations and introduce an appropriate partner to WA-359-P within the 2017 financial year.

Investor Highlights

In summary, Cue has 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 the 2017 Financial Year Cue will deliver a 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.

Thank you for your attention during this presentation.