



ABN 45 066 383 971

12 February 2015

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

Cue Energy recommends shareholders reject \$0.10 per share bid from NZOG

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 & gas company with activities in Australia, New Zealand, Indonesia and PNG.

THE COMPANY HAS:

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

CUE ENERGY DIRECTORS

- Geoffrey King (Chairman)
- Stuart Brown
- Rowena Sylvester
- Andrew Young

CUE ENERGY MANAGEMENT

- David Biggs (CEO)
- Andrew Knox (CFO)
- Jeffrey Schull (Exp Man)

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LISTINGS

ASX: CUE



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RELEASE

Cue Energy recommends shareholders reject \$0.10 per share bid from NZOG

The Board of Cue Energy Limited ("Cue Energy") notes the announcement today from NZOG Offshore Limited (a wholly owned subsidiary of New Zealand Oil & Gas Limited - "NZOG") of an on-market cash takeover offer for shares NZOG does not own in Cue Energy at \$0.10 per share. NZOG acquired a 19.99% interest in Cue Energy in late December 2014 and, to effect the takeover offer, has instructed Bell Potter Securities Limited to buy all shares offered to it at the offer price of \$0.10 per share from today through to the end of the offer period. The offer will remain open until Friday 27 March, 2015 (unless extended or withdrawn¹).

The Board considers the offer from NZOG substantially undervalues Cue Energy, and advises shareholders to reject the offer and not to sell their Cue Energy shares on-market at the offer price of \$0.10 per share. In providing this recommendation, the Board notes the following:

- the offer price implies a premium of only 11.1% to the closing price of \$0.09 per Cue Energy share on 11 February 2015, the last trading day before the announcement of the takeover bid from NZOG. This is substantially below the premium typically paid in Australian control transactions;
- as at 31 December 2014, Cue Energy has cash reserves of A\$37 million equivalent to \$0.053 per Cue Energy share and zero debt. Cue Energy also has interests in the producing Maari field in New Zealand and the Oyong and Wortel fields in Indonesia as well as exploration prospects in Indonesia which provide exposure to an active drilling programme in 2015;
- NZOG's offer follows the recent sharp drop in oil prices which has led to material reductions in the valuations of most oil and gas companies listed both on ASX and globally;
- NZOG has stated that its primary interest in Cue Energy is in Cue Energy's interests in the Maari and Manaia fields in New Zealand's Taranaki Basin. Should NZOG gain control of Cue Energy through this offer, NZOG may cause Cue Energy to change its priorities for growth and value creation from the Board's current strategy. The Board believes that such a change in strategy may not be in the best interests of all Cue Energy shareholders.

The Board will provide more details regarding the reasons for recommending rejection of NZOG's offer in its Target's Statement which will be distributed to shareholders by Thursday 26 February, 2015. The Board has also commissioned Grant Samuel & Associates to prepare an Independent Expert's report for shareholders on the offer from NZOG.

¹ The bidder can only withdraw the offer in very limited circumstances, such as where there is a prescribed occurrence or insolvency event in relation to Cue Energy.

The Board will keep shareholders informed of material developments. Allens has been appointed by Cue Energy as legal advisers and UBS AG, Australia Branch has been appointed as financial advisers.

Any queries regarding this announcement should be directed to the Company on (03) 8610 4000 or e-mail: mail@cuenrg.com.au.

A handwritten signature in black ink, appearing to read "David Biggs". The signature is written in a cursive, slightly slanted style.

David Biggs
Chief Executive Officer

12 February 2015