



A.B.N. 45 066 383 971

30 August 2013

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

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**Full Year Preliminary Financial Report for the Financial Year Ended  
30 June 2013**

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Attached please find Cue Energy Resources Limited 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)
- Timothy Dibb
- Paul Moore
- Andrew Young

**CUE ENERGY MANAGEMENT**

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

**OFFICE**

Level 21  
114 William Street  
Melbourne Vic 3000

**CONTACT DETAILS**

Tel: +61 3 9670 8668  
Fax: +61 3 9670 8661

**EMAIL**

mail@cuenrg.com.au

**WEBSITE**

www.cuenrg.com.au

**LISTINGS**

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



CUE ENERGY RESOURCES LIMITED  
A.B.N.45 066 383 971

# FULL YEAR PRELIMINARY FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

This Financial Year Report is provided to the Australian Stock Exchange (ASX) under Listing Rule 4.3A

Current Reporting Period:  
Previous Corresponding Period:

Financial Year ended 30 June 2013  
Financial Year ended 30 June 2012

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*Grati Facilities, Indonesia*

## RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

(Previous Corresponding Period: Financial Year Ended 30 June 2012)

- Production revenue of \$49.8 million (2012: \$41.2 million)
- Gross profit of \$30.7million (2012: \$27.4 million)
- Net profit before tax of \$8.4 million (2012: \$13.7 million)
- Net profit after tax of \$6.4 million (2012: \$5.7 million)
- Movements primarily as a result of :
  - Production revenue \$49.8 million (2012: \$41.2 million)
  - Production costs \$19.1 million (2012: \$13.8 million)
  - Foreign exchange gain \$3.7 million (2012: \$2.6 million gain)
- Cash on hand \$58.8 million (2012: \$33.7 million)
- Group has no debt

The financial year ended 30 June 2013 was a year of consolidation for the company with the first full year of gas production from Wortel, exploration and development planning in Indonesia and New Zealand.

Total oil production volumes were steady at 0.28 million barrels. Improved oil recovery from Oyong due to infill drilling and production up-time was offset by lower production in the Maari field due to unreliability of the electrical submersible pumps (ESP). A series of workovers to replace the ESPs at Maari were successfully executed resulting in improved pump reliability.

Overall gas production during the year was significantly up at 4.0 BCF (2012: 2.9 BCF), as were revenues as a result of the first full year of production at Wortel, at higher gas prices.

## HIGHLIGHTS

- Production revenue \$49.8 million
- Production 0.95 million boe
- Gross profit of \$30.7 million
- Net profit after tax of \$6.4 million
- Cash at year end \$58.8 million
- Group debt free
- First full year of gas production from Wortel field asset, reliably delivering contract gas quantity to Indonesia Power
- Appraisal drilling planned to commence Q3 calendar 2013 in Mahakam Hilir PSC, onshore Kalimantan, Indonesia
- Infill well drilled in Oyong field increasing production by over 40%
- Free carried exploration well scheduled on Whio Prospect in New Zealand PEP51313
- Pipeline 3D seismic survey acquired over PEP51313. Potential further exploration well in Q2 calendar 2014
- Development and appraisal drilling planned at Maari offshore Taranaki, New Zealand
- Carnarvon Basin block Inversion study in WA-359-P to define potential oil prospect
- Carnarvon Basin block WA-389-P renewed with increased equity at 40%
- PEP51313 renewal application made with well commitment Q2 calendar 2014 planned
- Eight wells expected over next 12 months in Indonesia and New Zealand



*Kan Tan IV arriving in Admiralty Bay, New Zealand*

# CORPORATE DIRECTORY

## Directors

Geoffrey J. King LL.B (Chairman)  
Paul D. Moore BSc, MBA  
Timothy E. Dibb BSc, PhD  
Andrew A. Young BE, MBA (Hons)

## Chief Executive Officer

D.A.J. Biggs LL.B

## Chief Financial Officer/Company Secretary

A.M. Knox B.Com

## Co-Company Secretary

P.M. Moffatt B.Com

## Registered Office

Level 21, 114 William Street  
Melbourne Victoria 3000 Australia  
Telephone: + 61 3 9670 8668  
Facsimile: + 61 3 9670 8661  
Website: [www.cuenrg.com.au](http://www.cuenrg.com.au)  
Email: [mail@cuenrg.com.au](mailto:mail@cuenrg.com.au)  
ABN 45 066 383 971

## Stock Exchange Listings

### AUSTRALIA

Australian Securities Exchange Ltd  
525 Collins Street  
Melbourne, Victoria 3000 Australia

### NEW ZEALAND

New Zealand Exchange Limited  
Level 1, NZX Centre, 11 Cable Street  
PO Box 2959  
Wellington, New Zealand

### PAPUA NEW GUINEA

Port Moresby Stock Exchange  
Level 4, Defence Haus  
Port Moresby, Papua New Guinea

### UNITED STATES OF AMERICA

#### OTCQX

OTC Markets  
304 Hudson Street 3rd Floor  
New York, NY 10013 USA

## Solicitors

Allens Linklaters  
Level 37, 101 Collins Street  
Melbourne Victoria 3000 Australia

## Auditor

BDO East Coast Partnership  
Level 14, 140 William Street  
Melbourne Victoria 3000 Australia

## Bankers

ANZ Banking Group Limited  
91 William Street  
Melbourne Victoria 3000 Australia

Investec Bank (Australia) Limited  
Level 23, The Chifley Tower  
2 Chifley Square, Philip Street  
Sydney NSW 2000 Australia

ASB Bank Limited  
PO Box 35, Shortland Street  
Auckland 1140 New Zealand

National Australia Bank Limited  
Level 4, 330 Collins Street  
Melbourne Victoria 3000 Australia

## Share Registry

### AUSTRALIA

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria 3067 Australia  
GPO Box 2975  
Melbourne, Victoria 3000 Australia

Telephone: 1300 850 505 (within Australia)  
or +61 3 9415 4000 (outside Australia)  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Website: [www.computershare.com.au](http://www.computershare.com.au)

### PAPUA NEW GUINEA

Computershare Investor Services Pty Limited  
C/- Kina Securities  
Level 2, Deloitte Tower  
Douglas Street  
(PO Box 1141)  
Port Moresby, National Capital District  
Papua New Guinea

Telephone: +67 5 308 3888  
Facsimile: +67 5 308 3899

## REVENUE AND NET PROFIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Percentage Change Over Results for Year Ended 30 June 2012	Amount \$'000
Revenue from ordinary activities	Up 21.6%	53,660
Profit after tax attributable to members	Up 12.5%	6,369
Net profit attributable to members	Up 12.5%	6,369

### Dividends

It is not proposed to pay dividends.

### Brief Explanation of Revenue, Net Profit/ (Loss) and Dividends Distributions (if any)

#### (i) Revenue from Ordinary Activities

Revenues comprised production of oil and gas \$49.8 million, interest \$0.16 million and foreign exchange gain \$3.7 million. Revenue increased from 2012 due to higher oil prices from Oyong and Maari and a full year of gas production at Wortel in the Sampang PSC, Indonesia.

#### (ii) Net Result

The net profit increase was primarily as a result of higher production revenue, offset by higher production costs, but with lower tax expenses and higher foreign exchange gains.

	30 June 2013	30 June 2012
Net Tangible Assets Per Security	16.7 cents	16.5 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2013

	NOTE	2013 \$000's	2012 \$000's
Production revenue		49,798	41,222
Production costs		(19,131)	(13,778)
<b>Gross profit from production</b>		<b>30,667</b>	<b>27,444</b>
Other revenue	2	160	274
Amortisation expense		(17,520)	(10,500)
Interest expense		(3)	(84)
Net realised gain on oil hedge derivatives		-	158
Net foreign currency exchange gain		3,702	2,616
Other expenses	3	(8,597)	(6,287)
<b>Profit before income tax expense</b>		<b>8,409</b>	<b>13,621</b>
Income tax expense		(2,040)	(7,958)
<b>Profit after income tax expense for the year</b>		<b>6,369</b>	<b>5,663</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>6,369</b>	<b>5,663</b>
<b>Profit for the year is attributable to:</b>			
<b>Owners of Cue Energy Resources Limited</b>		<b>6,369</b>	<b>5,663</b>
<b>Total comprehensive income for the year is attributable to:</b>			
<b>Owners of Cue Energy Resources Limited</b>		<b>6,369</b>	<b>5,663</b>
Basic earnings per share (cents per share)		0.91	0.81
Diluted earnings per share (cents per share)		0.91	0.81

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2013

	NOTE	2013 \$000's	2012 \$000's
<b>Current Assets</b>			
Cash and cash equivalents	6(b)	58,828	33,733
Trade and other receivables		5,096	11,746
Inventories		1,157	1,500
<b>Total Current Assets</b>		<b>65,081</b>	<b>46,979</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		63	84
Deferred tax assets		214	322
Exploration and evaluation expenditure		36,944	31,765
Production properties		73,935	84,886
<b>Total Non-Current Assets</b>		<b>111,156</b>	<b>117,057</b>
<b>Total Assets</b>		<b>176,237</b>	<b>164,036</b>
<b>Current Liabilities</b>			
Trade and other payables		11,977	8,631
Tax liabilities		3,973	1,293
Provisions		475	381
<b>Total Current Liabilities</b>		<b>16,425</b>	<b>10,305</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		22,106	23,098
Provisions		6,137	5,455
<b>Total Non-Current Liabilities</b>		<b>28,243</b>	<b>28,553</b>
<b>Total Liabilities</b>		<b>44,668</b>	<b>38,858</b>
<b>Net Assets</b>		<b>131,569</b>	<b>125,178</b>
<b>Equity</b>			
Issued capital	5	152,416	152,416
Reserves		22	425
Accumulated losses		(20,869)	(27,663)
<b>Total Equity</b>		<b>131,569</b>	<b>125,178</b>

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Attributable to equity holders of the parent			
	Issued Capital \$000's	Accumulated Losses \$000's	Reserves \$000's	Total \$000's
Balance at 1 July 2012	152,416	(27,663)	425	125,178
Profit after income tax expense for the year	-	6,369	-	6,369
Other comprehensive income, net of tax, for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>6,369</b>	<b>-</b>	<b>6,369</b>
<b>Transactions with the owners in their capacity as owners:</b>				
Share based payments	-	425	(403)	22
<b>Balance at 30 June 2013</b>	<b>152,416</b>	<b>(20,869)</b>	<b>22</b>	<b>131,569</b>

	Issued Capital \$000's	Accumulated Losses \$000's	Reserves \$000's	Total \$000's
	Balance at 1 July 2011	151,768	(33,326)	391
Profit after income tax expense for the year	-	5,663	-	5,663
Other comprehensive income, net of tax, for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,663</b>	<b>-</b>	<b>5,663</b>
<b>Transactions with the owners in their capacity as owners:</b>				
Share based payments	-	-	34	34
Issue of shares, net of transaction costs	648	-	-	648
<b>Balance at 30 June 2012</b>	<b>152,416</b>	<b>(27,663)</b>	<b>425</b>	<b>125,178</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	NOTE	2013 \$000's	2012 \$000's
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		58,127	41,548
Interest received		149	266
Payments to suppliers		(23,420)	(20,585)
Income tax paid		(244)	(8,257)
Royalties paid		(1,880)	(1,191)
Interest paid		(3)	(52)
Net cash provided by operating activities	6 (a)	32,729	11,729
<b>Cash Flows from Investing Activities</b>			
Payments with respect to exploration expenditure		(4,932)	(13,156)
Proceeds on sale of exploration tenements		-	7,407
Payments with respect to production properties		(5,905)	(22,190)
Payments for plant and equipment		(18)	(55)
Net cash used in investing activities		(10,855)	(27,994)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	648
Repayment of borrowings		-	(5,086)
Net cash used in financing activities		-	(4,438)
<b>Net Increase/(Decrease) in Cash Held</b>		21,874	(20,703)
Cash and cash equivalents at the beginning of the year		33,733	52,811
Effect of exchange rate change on foreign currency balances held at the beginning of the year		3,221	1,625
<b>Cash and cash equivalents at the end of the year</b>	6 (b)	58,828	33,733

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

# NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

## NOTE 1 STATEMENT OF COMPLIANCE

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E. The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the company's Annual Financial Report for the year ended 30 June 2012.

## NOTE 2 OTHER REVENUE

	2013 \$'000	2012 \$'000
Interest from cash and cash equivalents	160	274
<b>Total Other Revenue</b>	<b>160</b>	<b>274</b>

## NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONTINUED)

### NOTE 3 OTHER EXPENSES

	2013 \$'000	2012 \$'000
Depreciation	(39)	(44)
Employee expense (net of superannuation)	(4,556)	(3,141)
Superannuation contribution expense	(134)	(182)
Operating lease expense	(208)	(203)
Administration expenses	(887)	(693)
Business development expenses	(2,773)	(2,024)
<b>Total Other Expenses</b>	<b>(8,597)</b>	<b>(6,287)</b>

# NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONTINUED)

## NOTE 4 SEGMENT INFORMATION

The principal business of the group is the production and exploration for hydrocarbons in Australia, New Zealand, Indonesia and PNG.

Management has determined the operating segments based upon reports reviewed by the board and executive management that are used to make strategic decisions.

The board considers the business from both a product and geographic perspective and has identified four reportable segments.

2013					All Other Segments	Total
	Australia	NZ	Indonesia	PNG		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Production Revenue	-	19,590	27,926	2,282	-	49,798
Production Expenses	-	(8,450)	(9,201)	(1,480)	-	(19,131)
Gross Profit	-	11,140	18,725	802	-	30,667
Other revenue	160	-	-	-	-	160
Foreign exchange movement	4,443	(237)	(504)	-	-	3,702
Earnings before interest expense, tax, depreciation and amortisation	(3,955)	10,903	18,221	802	-	25,971
2012					All Other Segments	Total
	Australia	NZ	Indonesia	PNG		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Production Revenue	-	21,874	16,106	3,242	-	41,222
Production Expenses	-	(6,085)	(6,769)	(924)	-	(13,778)
Gross Profit	-	15,789	9,337	2,318	-	27,444
Other revenue	432	-	-	-	-	432
Foreign exchange movement	2,616	-	-	-	-	2,616
Earnings before interest expense, tax, depreciation and amortisation	(3,195)	15,789	9,337	2,318	-	24,249
<b>Total segment assets</b>						
30 June 2013	63,905	61,394	46,912	4,026	-	176,237
30 June 2012	38,216	60,554	61,336	3,930	-	164,036
<b>Total segment liabilities</b>						
30 June 2013	1,340	13,949	27,651	1,728	-	44,668
30 June 2012	1,116	11,851	24,322	1,569	-	38,858

# NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONTINUED)

## NOTE 4 SEGMENT INFORMATION (CONT')

Reconciliation of earnings before interest expense, tax, depreciation and amortisation (EBITDA) to Net Profit before Income Tax:

	2013 \$'000	2012 \$'000
EBITDA	25,971	24,249
Interest expense	(3)	(84)
Depreciation	(39)	(44)
Amortisation	(17,520)	(10,500)
<b>Net Profit before Income Tax</b>	<b>8,409</b>	<b>13,621</b>

The Board assesses the performance of the operating segments based upon a measure of earnings before interest expense, tax, depreciation and amortisation.

The Company operated predominantly in one industry, exploration and production of hydrocarbons.

## NOTE 5 CONTRIBUTED CAPITAL

	June 2013 Number	June 2012 Number	June 2013 \$'000	June 2012 \$'000
Ordinary shares fully paid (no par value)	698,119,720	698,119,720	152,416	152,416
<b>Total Share Capital</b>	<b>698,119,720</b>	<b>698,119,720</b>	<b>152,416</b>	<b>152,416</b>

Movements in contributed capital since 1 July 2012 were as follows:

	Ordinary Shares	Issue price	\$'000
Balance at beginning of the year	698,119,720	-	152,416
Movement	-	-	-
<b>Balance at end of the year</b>	<b>698,119,720</b>	<b>-</b>	<b>152,416</b>

# NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONTINUED)

## NOTE 6 NOTES TO THE CASH FLOWS STATEMENT

(a) Reconciliation of operating profit to net cash flows from operating activities:

	2013 \$'000	2012 \$'000
<i>Reported profit after tax</i>	6,369	5,663
<i>Impact of changes in working capital items</i>		
Decrease/(increase) in assets	7,101	(4,967)
Increase in liabilities	5,430	2,080
<i>Items not involving cash flows</i>		
Depreciation	39	44
Amortisation	17,520	10,500
Share based payments	22	34
Net gain on foreign currency conversion	(3,752)	(1,625)
Increase net cash flows from operating activities	<u>32,729</u>	<u>11,729</u>

(b) Cash comprises cash balances held in Australia and foreign currencies, principally US dollars, within Australia and overseas:

Australia	57,554	32,573
New Zealand	102	1,152
Indonesia	1,164	-
Papua New Guinea	8	8
Cash and bank balances	<u>58,828</u>	<u>33,733</u>
<b>Cash Flow Statement cash balance</b>	<u><b>58,828</b></u>	<u><b>33,733</b></u>



# NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONTINUED)

## NOTE 7 LIST OF JOINT VENTURE INTERESTS

PERMIT	OPERATOR	CUE INTEREST (%)
<b>Petroleum Properties</b>		
<b>Indonesia</b>		
Sampang PSC <sup>(i)</sup>	Santos (Sampang) Pty Ltd	15.00
Mahakam Hilir PSC	SPC (Mahakam Hilir) Pte Ltd	40.00
<b>Papua New Guinea</b>		
PRL 14	Oil Search (PNG) Limited	10.947
PDL 3	Barracuda Pty Ltd	5.569
PRL 9	Oil Search (PNG) Limited	14.894
SE Gobe Field Unit	Oil Search (PNG) Limited	3.286
<b>Australia</b>		
WA-359-P	Cue Exploration Pty Ltd	100.00
WA-360-P	MEO Australia Limited	37.50
WA-361-P	MEO Australia Limited	15.00
WA-389-P <sup>(ii)</sup>	BHP Billiton (Australia) Pty Ltd	40.00
WA-409-P	Apache Northwest Pty Ltd	30.00
<b>New Zealand</b>		
PMP 38160	OMV New Zealand Limited	5.00
PEP 51313	OMV New Zealand Limited	14.00
PEP 51149	Todd Exploration Limited	20.00
PEP 54865	Todd Exploration Limited	20.00
<sup>(i)</sup>	Economic interest in the Jeruk field	8.181818
<sup>(ii)</sup>	Subject to government approval	

## NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONTINUED)

### **NOTE 8 EVENTS SUBSEQUENT TO BALANCE DATE**

The Company wishes to advise that production from the Maari field will be deferred until December 2013 to effect repairs to the facilities. The costs of the repairs are yet to be finalised, but it is expected that some of the costs will be covered by insurance. Cue's share of deferred production while the vessel is out of service is estimated to be 50,000 boe, or 5.3% of Cue's production for the year to 30 June 2013.

Apart from the above, the Directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly or may significantly affect the operations of Cue Energy Resources Limited, the results of those operations or the state of affairs of the Company or Group.

### **NOTE 9 INFORMATION ON AUDITOR REVIEW**

This report is based on accounts that are in the process of being audited.