



ABN 45 066 383 971

19 March 2015

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

Chairman's Letter to Shareholders

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 Schroll (Exp Man)

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LISTINGS

ASX: CUE



Cue Energy Resources Limited
ABN 45 066 383 971

19 March 2015

Dear Shareholder

You will have received in the mail New Zealand Oil and Gas Limited's ("NZOG") formal Bidder's Statement for the acquisition of shares in Cue, together with Cue's formal Target's Statement and Supplementary Target's Statement, which also included an independent expert's report from Grant Samuel & Associates ("Grant Samuel"), a recognised expert in the valuation of companies. NZOG's offer is at \$0.10 per Cue share and is scheduled to close on Friday, 27 March 2015.

The independent expert, Grant Samuel concluded that the NZOG Offer is neither fair nor reasonable, and determined that the offer price of \$0.10 per share fell below the bottom end of its valuation range for Cue shares. Grant Samuel indicated in its report that the value of a Cue share on a controlling interest basis was in the range of \$0.117 to \$0.152 per share.

Other than the acceptance from Todd Corporation ("Todd") for its remaining 7% interest, NZOG's offer has only generated acceptances of 0.44% of the Cue share register since its announcement on 12 February, 2015.

It would appear from statements made by NZOG in its Bidder's Statement that the real purpose of NZOG's offer may have been to acquire the remaining 7% stake from Todd, NZOG having already purchased a 19.9% interest from Todd prior to the bid. Currently, NZOG's interest in Cue Energy is approximately 27.4% which is close to the level of holding that Todd maintained in Cue over several years.

The fact that Todd has accepted into NZOG's bid for its remaining 7% stake in no way changes the Cue Board's view that the current Offer from NZOG is opportunistic, inadequate and substantially undervalues your Cue shares.

Your Board firmly believes that there is significant value upside in the Cue asset portfolio as the Company repositions itself in accordance with its stated strategy of exploring in lower risk and lower cost environments where any discovery can be commercialised quickly.

It is worth noting that in the past 12 months alone, Cue has:

- Committed A\$1.6 million for the extension and maintenance of oil and gas production at Oyong and Wortel. We are already seeing the benefits of this investment as oil production at Oyong is increasing post the well interventions.
- In conjunction with its Maari partners, undertaken a development drilling programme at Maari. While this programme has had its difficulties, the MR6A well is being successfully completed with a 1270 metre horizontal drain and brought into production.
- Increased our participating interest to 100% in the Mahakam Hilir PSC following the identification of a promising and previously overlooked oil prospect that will be drilled in 2015 (Naga Selatan - 2).

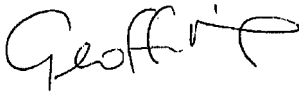
- Subject to Indonesian Government approval, farmed into the Mahato PSC in the central Sumatra Basin in Indonesia for a 12.5% participating interest, with two oil exploration wells planned for 2015.
- Sold our PNG assets for US\$7 million.
- Assumed operatorship of three permits - WA-409-P, WA-359-P and the Mahakam Hilir PSC.
- Entered into discussions for the acquisition of further onshore exploration assets and the acquisition of producing assets. We hope to make announcements in respect of these initiatives shortly.

The board can understand NZOG's interest in acquiring a meaningful position in Cue at the price of \$0.10 per share. At the conclusion of NZOG's offer, the Board and management of Cue will continue to work to achieve maximum value creation for all Cue shareholders.

Cue has strong prospects for growth, is one of only a small number of ASX listed oil & gas junior companies with meaningful production and we recently announced a net profit after tax for the six months to 31 December, 2014 of \$13.8 million.

The board believes the Company is well placed to enhance the value of your shares and reiterates its advice to shareholders not to accept the NZOG \$0.10 per share offer.

Yours sincerely

A handwritten signature in black ink, appearing to read "Geoffrey King". The signature is fluid and cursive, with a prominent "G" and "K".

Geoffrey King
Chairman