



ABN 45 066 383 971

26 August 2014

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20 Bond Street  
Sydney NSW 2000

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**FULL YEAR PRELIMINARY FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

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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)
- Andrew Young
- Rowena Sylvester
- Stuart Brown

**CUE ENERGY MANAGEMENT**

- David Biggs (CEO)
- Andrew Knox (CFO)
- Jeff Schroll (Exp Man)

**OFFICE**

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**CONTACT DETAILS**

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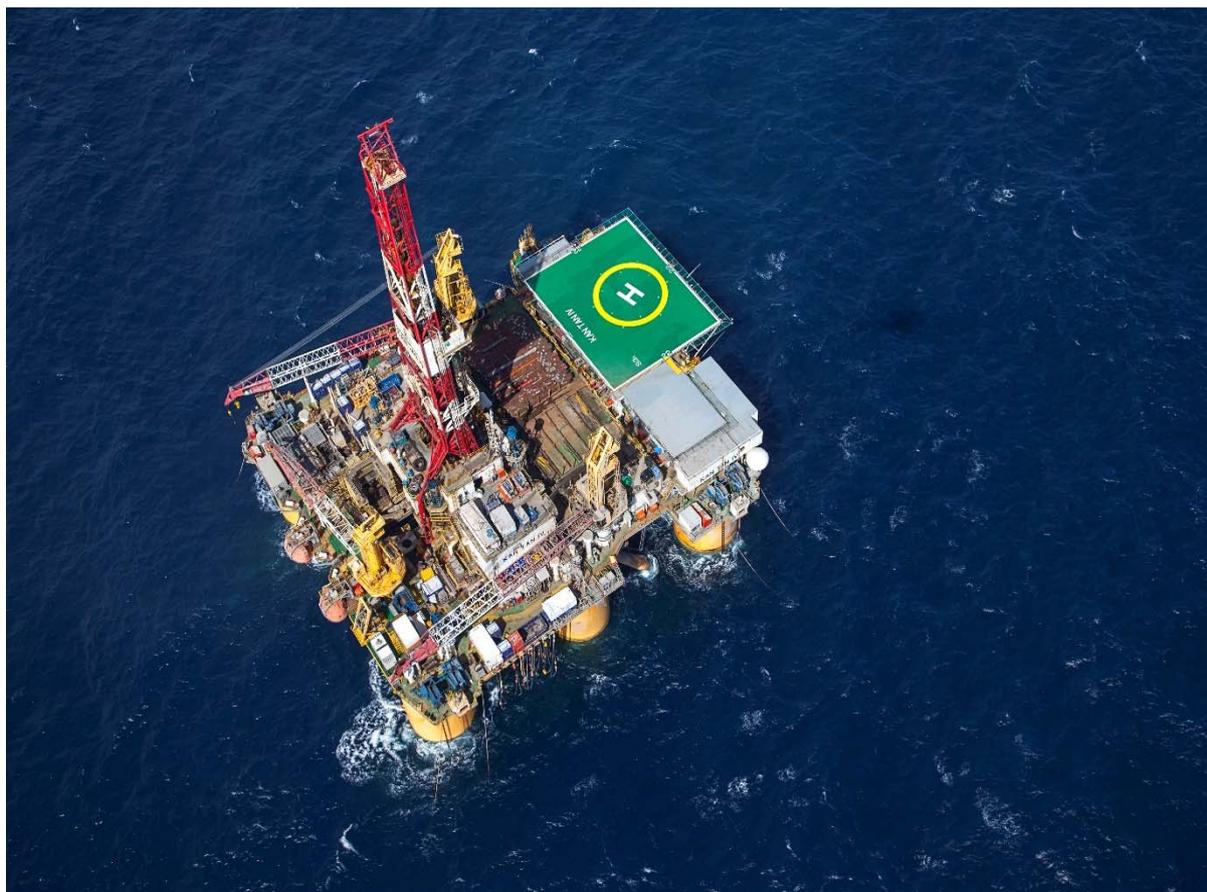
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**WEBSITE**

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**LISTINGS**

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



CUE ENERGY RESOURCES LIMITED  
ABN 45 066 383 971

# FULL YEAR PRELIMINARY FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

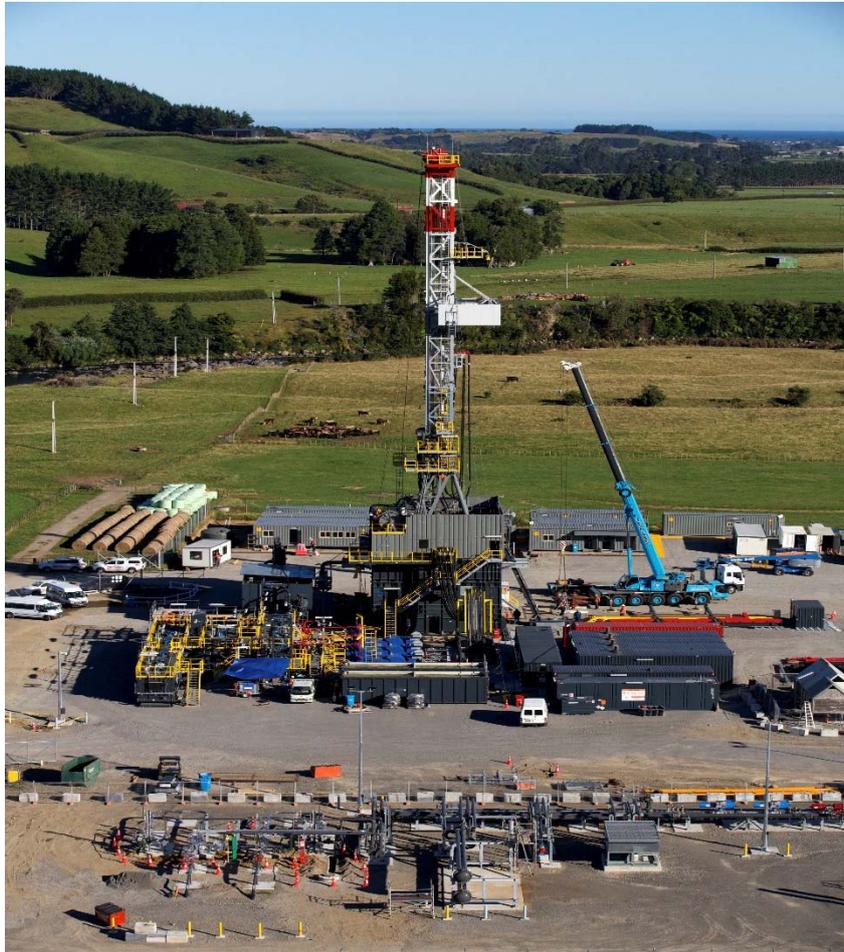
This Financial Year Report is provided to the Australian Stock Exchange (ASX) under Listing Rule 4.3A

Current Reporting Period:  
Previous Corresponding Period:

Financial Year ended 30 June 2014  
Financial Year ended 30 June 2013

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*Bentec Rig, New Zealand*

## RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Previous Corresponding Period: Financial Year Ended 30 June 2013)

- Production revenue of \$34.0 million (2013: \$49.8 million)
- Gross profit of \$15.8 million (2013: \$30.7 million)
- Net profit before tax of \$0.1 million (2013: profit of \$8.4 million)
- Net loss after tax of \$2.2 million (2013: profit of \$6.4 million)
- Movements primarily as a result of :
  - Production revenue down (Maari repairs)                      \$34.0 million (2013: \$49.8 million)
  - Reduced operating costs    \$18.2 million (2013: \$19.1 million)
- Cash on hand \$40.6 million (2013: \$58.8 million)
- Group has no debt
- It is not proposed to pay a dividend due to calls on cash for growth and lack of franking credits

The 30 June 2014 financial year results were reduced compared to the 2013 financial year primarily due to the loss of production at Maari for five months during the second half of 2013.

As a result, total oil production volumes were significantly down at 0.15 million barrels, compared to the previous year's oil production of 0.29 million barrels.

Maari oil production was shut in for five months to effect repairs to the mooring lines and swivel deferring production to later years. Oyong oil and gas production reduced in line with field decline, with measures now underway to defer the decline.

## KEY POINTS

- Production revenue \$34.0 million
- Production 0.65 million boe
- Gross profit of \$15.8 million
- Net loss after tax of \$2.2 million
- Cash at year end \$40.6 million
- Group debt free
- Repairs completed to Maari facilities and oil production restarted December 2013
- Maari Growth Project drilling underway
- Sampang PSC Joint Venture has:
  - approved a work over programme at Oyong to improve oil production
  - approved a Wortel compressor upgrade to maintain gas production
- Asset portfolio realignment underway
  - Cue is currently testing the market for sale of its PNG assets portfolio
  - Farming down Mahakam Hilir PSC, Indonesia
  - Farming down WA-359-P permit, Carnarvon Basin
  - Actively seeking new exploration acreage onshore Australia and Asia
  - Actively seeking to acquire additional production



*Bentec Rig, New Zealand*

## CORPORATE DIRECTORY

### Directors

Geoffrey J. King, BA, LL.B (Chairman)  
Stuart A. Brown, BSc Hons  
Rowena A. Sylvester, BBS  
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

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### Stock Exchange Listings

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

UNITED STATES OF AMERICA

OTCQX

OTC Markets

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

### 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

BOQ Specialist Bank 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

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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)

## REVENUE AND NET PROFIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Percentage Change Over Results for Year Ended 30 June 2013	Amount \$'000
Revenue from ordinary activities	Down 36.2%	34,248
Loss after tax attributable to members	N/A	(2,166)
Net loss attributable to members	N/A	(2,166)

### Dividends

It is not proposed to pay a dividend.

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

#### (i) Revenue from Ordinary Activities

Revenues comprised production of oil and gas \$34.0 million, interest \$0.16 million and foreign exchange gain \$0.08 million. Revenue decreased from 2013 due to lower production principally from Maari due to repairs and maintenance during the year.

#### (ii) Net Result

The net loss was primarily as a result of lower production revenue.

	30 June 2014	30 June 2013
Net Tangible Assets Per Security	13.7 cents	16.7 cents

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	NOTE	2014 \$000's	2013 \$000's
Production revenue		34,005	49,798
Production costs		(18,213)	(19,131)
<b>Gross profit from production</b>		15,792	30,667
Other revenue	2	162	160
Loss on sale of fixed assets		(3)	-
Amortisation expense		(9,262)	(17,520)
Interest expense		-	(3)
Net foreign currency exchange gain		81	3,702
Other expenses	3	(6,692)	(8,597)
<b>Profit before income tax expense</b>		78	8,409
Income tax expense		(2,244)	(2,040)
<b>(Loss)/profit after income tax expense for the year</b>		(2,166)	6,369
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive (loss)/income for the year</b>		(2,166)	6,369
<b>Profit for the year is attributable to:</b>			
<b>Owners of Cue Energy Resources Limited</b>		(2,166)	6,369
<b>Total comprehensive (loss)/income for the year is attributable to:</b>			
<b>Owners of Cue Energy Resources Limited</b>		(2,166)	6,369
Basic earnings per share (cents per share)		(0.31)	0.91
Diluted earnings per share (cents per share)		(0.31)	0.91

The above Consolidated 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 2014

	NOTE	2014 \$000's	2013 \$000's
<b>Current Assets</b>			
Cash and cash equivalents	6(b)	40,558	58,828
Trade and other receivables		3,542	5,096
Inventories		843	1,157
<b>Total Current Assets</b>		<b>44,943</b>	<b>65,081</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		118	63
Deferred tax assets		71	214
Exploration and evaluation expenditure		54,069	36,944
Production properties		79,458	73,935
<b>Total Non-Current Assets</b>		<b>133,716</b>	<b>111,156</b>
<b>Total Assets</b>		<b>178,659</b>	<b>176,237</b>
<b>Current Liabilities</b>			
Trade and other payables		21,184	11,977
Tax liabilities		2,398	3,973
Provisions		563	475
<b>Total Current Liabilities</b>		<b>24,145</b>	<b>16,425</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		19,484	22,106
Provisions		5,627	6,137
<b>Total Non-Current Liabilities</b>		<b>25,111</b>	<b>28,243</b>
<b>Total Liabilities</b>		<b>49,256</b>	<b>44,668</b>
<b>Net Assets</b>		<b>129,403</b>	<b>131,569</b>
<b>Equity</b>			
Issued capital	5	152,416	152,416
Reserves		-	22
Accumulated losses		(23,013)	(20,869)
<b>Total Equity</b>		<b>129,403</b>	<b>131,569</b>

The above Consolidated 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 2014

Attributable to equity holders of the parent				
	Issued Capital \$000's	Accumulated Losses \$000's	Reserves \$000's	Total \$000's
<b>Balance at 1 July 2013</b>	152,416	(20,869)	22	131,569
Loss after income tax expense for the year	-	(2,166)	-	(2,166)
Other comprehensive income, net of tax, for the year	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	(2,166)	-	(2,166)
<b>Transactions with the owners in their capacity as owners:</b>				
Share based payments	-	22	(22)	-
<b>Balance at 30 June 2014</b>	152,416	(23,013)	-	129,403
<b>Balance at 1 July 2012</b>				
<b>Balance at 1 July 2012</b>	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>	-	6,369	-	6,369
<b>Transactions with the owners in their capacity as owners:</b>				
Share based payments	-	425	(403)	22
<b>Balance at 30 June 2013</b>	152,416	(20,869)	22	131,569

The above Consolidated 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 2014**

	NOTE	2014 \$000's	2013 \$000's
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		35,801	58,127
Interest received		167	149
Payments to suppliers		(23,319)	(23,420)
Income tax paid		(6,298)	(244)
Royalties paid		(731)	(1,880)
Interest paid		-	(3)
Net cash provided by operating activities	6 (a)	5,620	32,729
<b>Cash Flows from Investing Activities</b>			
Payments with respect to exploration expenditure		(9,666)	(4,932)
Payments with respect to production properties		(14,035)	(5,905)
Payments for plant and equipment		(155)	(18)
Net cash used in investing activities		(23,856)	(10,855)
Net cash used in financing activities		-	-
<b>Net (Decrease)/Increase in Cash Held</b>			
Cash and cash equivalents at the beginning of the year		58,828	33,733
Effect of exchange rate change on foreign currency balances held at the beginning of the year		(34)	3,221
Cash and cash equivalents at the end of the year	6 (b)	40,558	58,828

The above Consolidated 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 2014

### 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 2013.

### NOTE 2 OTHER REVENUE

	2014	2013
	\$'000	\$'000
Interest from cash and cash equivalents	162	160
<b>Total Other Revenue</b>	<b>162</b>	<b>160</b>

### NOTE 3 OTHER EXPENSES

	2014	2013
	\$'000	\$'000
Depreciation	(100)	(39)
Employee expense (net of superannuation)	(3,582)	(4,556)
Superannuation contribution expense	(170)	(134)
Operating lease expense	(793)	(208)
Administration expenses	(911)	(887)
Business development expenses	(1,136)	(2,773)
<b>Total Other Expenses</b>	<b>(6,692)</b>	<b>(8,597)</b>

## NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont')

### 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.

2014					All Other Segments	Total
	Australia	NZ	Indonesia	PNG		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Production Revenue	-	10,156	22,090	1,759	-	34,005
Production Expenses	-	(5,688)	(10,280)	(2,245)	-	(18,213)
Gross Profit	-	4,468	11,810	(486)	-	15,792
Loss on sale of fixed assets	(3)	-	-	-	-	(3)
Other revenue	162	-	-	-	-	162
Foreign exchange movement	(25)	34	72	-	-	81
Earnings before interest expense, tax, depreciation and amortisation	(6,458)	4,502	11,882	(486)	-	9,440
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
<b>Total segment assets</b>						
30 June 2014	47,200	73,342	54,282	3,835	-	178,659
30 June 2013	63,905	61,394	46,912	4,026	-	176,237
<b>Total segment liabilities</b>						
30 June 2014	1,927	15,582	30,477	1,270	-	49,256
30 June 2013	1,340	13,949	27,651	1,728	-	44,668

## NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont')

### NOTE 4 SEGMENT INFORMATION (CONT')

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

	2014 \$'000	2013 \$'000
EBITDA	9,440	25,971
Interest expense	-	(3)
Depreciation	(100)	(39)
Amortisation	(9,262)	(17,520)
<b>Net Profit before Income Tax</b>	<b>78</b>	<b>8,409</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 2014 Number	June 2013 Number	June 2014 \$'000	June 2013 \$'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 2013 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 2014 (cont')

### NOTE 6 NOTES TO THE STATEMENT OF CASH FLOWS STATEMENT

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

	2014 \$'000	2013 \$'000
<i>Reported (loss)/profit after tax</i>	(2,166)	6,369
<i>Impact of changes in working capital items</i>		
Decrease/(increase) in assets	2,008	7,101
Increase in liabilities	(3,514)	5,430
<i>Items not involving cash flows</i>		
Depreciation	100	39
Amortisation	9,262	17,520
Share based payments	-	22
Loss on disposal of assets	3	-
Net gain on foreign currency conversion	(73)	(3,752)
Increase net cash flows from operating activities	<b>5,620</b>	<b>32,729</b>

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

Australia	39,873	57,554
New Zealand	400	102
Indonesia	277	1,164
Papua New Guinea	8	8
Cash and bank balances	40,558	58,828
<b>Cash Flow Statement cash balance</b>	<b>40,558</b>	<b>58,828</b>

## NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont')

### 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	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

## NOTES TO THE FULL YEAR PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont')

### NOTE 8 EVENTS SUBSEQUENT TO BALANCE DATE

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.