Cue Energy Resources Limited

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DATE : 11 November 2010 PAGES (including this page): 5

FROM : Andrew Knox

RE : **Chairman's Address**
Annual General Meeting 11 November 2010

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

Yours faithfully

Andrew M Knox
Public Officer

Cue Annual General Meeting of Shareholders

10.00am, 11 November 2010

Melbourne Australia

Chairman's Address

Good morning ladies and gentlemen, welcome to the Annual General Meeting of members of Cue Energy Resources Limited.

My name is Richard Tweedie and I am Chairman of the Company.

With us today are the other members of the board Leon Musca and Steven Koroknay and our Chief Executive Officer Bob Coppin and our Chief Financial Officer Andrew Knox. Our auditors are also present to answer any audit questions you may have.

The past year has been an outstanding one for Cue. We experienced record oil production (589,295 barrels) and production income primarily as a result of a full year of production from the Maari field in New Zealand. Our oil production is split 61.2% from New Zealand, 31.9% from Indonesia and 6.9% from Papua New Guinea.

Our net profit of A$27.5 million was the highest we have experienced and more than double the previous highest.

Production income was up 80% to $54.7 million and gross profit increased by 98% to $43.6 million. At year end our cash balance was $29.4 million and at the end of October was $37.3 million.

In a business as usual scenario, we expect that we will finance all 2011 exploration and development expenditure out of cash and net production cash flow. As a consequence of this, and due to planning for future growth, we do not plan to pay a dividend.

During the year, we put in place an oil price hedge for the period May to December 2010 for 15,000 barrels of oil per month or around 25% of our production at an oil price of US$86 per barrel. As the oil price has traded below US$86 for much of the year this hedge has usefully contributed to profit.

We plan to seek to hedge around 25% of our 2011 oil production at no less than US$93 per barrel as prudent insurance against downside oil price risk.

In Indonesia, gas production began from Oyong and oil production from the field exceeded expectation. The initial engineering and design for the Wortel gas field is complete and gas contract negotiations are ongoing for a sale of gas at prices well above those being achieved for Oyong gas.

In New Zealand, we have obtained interests in two new exploration permits in the Taranaki Basin to complement our interest in the Maari field where in addition to 5 producing wells in the Moki sand, further oil production has begun from the M2A sand and from the nearby Manaia oil field.

In Papua New Guinea, our SE Gobe production revenue has held up very well despite the field’s natural decline. We expect the SE Gobe gas to be sold to the PNG LNG scheme thus extending field life to 2023.

The Barikewa gas field close to the proposed PNG export gas pipeline has the potential to supply gas to an expanded PNG LNG scheme. The Barikewa -3 appraisal well is expected to be drilled in 2011 to firm up reserves.

We recently sold our 10.72% interest in the Kimu gas field in PNG for US$5.14 million to Talisman Energy. We considered Kimu to hold further appraisal risks, is a considerable distance from the export pipeline, and likely monetisation is very uncertain.

We have been in the process of marketing for sale our interest in the Cash/Maple gas field (AC/RL7 Timor Sea). A conditional agreement has been entered into and we expect sale to be finalised in the near term.

The exploration highlights of the year have been our farmouts to Woodside and Apache in three of our Carnarvon Basin permits. These farmouts will see Cue free carried through a 3,310 kilometres of new 3D seismic and one firm and one optional exploration well. This is a very large 3D program costing around US$25 million and we are confident it will generate new prospects. In addition, a further US$40 million will be committed to a well by Woodside and a similar amount could be committed to an optional well by Apache.

These farmouts will provide further exposure to large gas discoveries in addition to our free carry through the Artemis -1 well which is expected to begin drilling next week (approximately 28 days to drill to 3,610 metres). Beyond the Artemis well, Cue has the major 3D programmes in 2011, the Woodside well in late 2011/2012 and a further potential well by Apache in early 2012.

Our Carnarvon licences thus provide major exploration upside opportunities for shareholders. The acquisition of these licences, the acquiring of seismic data and the ultimate sell down to world majors to lead us through the next stages of exploration is a significant achievement.

The past 2 years have been a period of rapid growth for Cue. Since the AGM in 2008 the share price has increased 280% from 14 cents to around 40 cents today and the market capitalisation has increased 315% from $88 million to around $280 million. I believe this increase reflects our success in putting in place a high quality, diverse and balanced portfolio of assets that have the potential for further growth.

Cue is now at a stage where the market is starting to take notice, and rightly so. Your Board's intention is to continue to grow the company. We are very fortunate to have a tight well led management team with a very strong exploration led bias. Our recent successes are a testament to that.

The oil exploration and production business is a tough one to be in. Success does not come easily, but when it does it can be hugely rewarding. Cue is now well on the way to becoming something special.

Thank you for your continuing support.

Richard Tweedie
Chairman