



Cue Energy Resources Limited

A.B.N. 45 066 383 971

31 August 2012

PAGES (including this page): 18

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

Full Year Preliminary Financial Report for FY 2012

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

Yours faithfully

Andrew M Knox
Public Officer

CUE ENERGY OVERVIEW

Cue is an Australian based oil & gas company with projects in Australia, New Zealand, Indonesia and PNG.

THE COMPANY HAS:

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

CUE ENERGY DIRECTORS

- Richard Tweedie (Chairman)
- Timothy Dibb
- Geoffrey King
- Steve Koroknay
- Paul Moore
- Leon Musca
- Andrew Young

CUE ENERGY MANAGEMENT

- Mark Paton (CEO)
- Andrew Knox (CFO)
- David Whittam (Exp Man)
- Alex Parks (CCO)

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LISTINGS

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



Maari Platform, New Zealand

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

FULL YEAR PRELIMINARY FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

Current Reporting Period: Financial Year ended 30 June 2012
Previous Corresponding Period: Financial Year ended 30 June 2011

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All photos are for illustrative purposes, although the company may have an interest in some assets.

Drilling, Mahakam Hilir, Indonesia



Facilities, SE Gobe, PNG



RESULTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

(Previous Corresponding Period: Financial Year Ended 30 June 2011)

- Production income of \$41.2M (2011:\$52.5M)
- Gross profit of \$27.4M (2011: \$43.4M)
- Net profit before tax of \$13.7M (2011: \$25.8M)
- Net profit after tax of \$5.7M (2011: \$19.1M)
- Movements primarily as a result of :-
 - Production income \$41.2M (2011 (\$52.5M)
 - Production costs \$13.8M (2011: \$9.1M)
 - Foreign exchange gain \$2.6M (2011: \$5.3M loss)
 - Sale of exploration assets Nil (2011: \$6.8M gain)
- Cash on hand \$33.7M (2011: \$52.8M)
- Company now debt free

Financial year 2012 was a year of development and exploration for the company through the development and first gas production from Wortel and drilling in Indonesia and the Carnarvon Basin.

Total oil production volumes were down from 0.5 million barrels in 2011 to 0.3 million barrels in 2012. This was due to natural reservoir decline, reduced cost oil recovery from Oyong and the unreliability of the electrical submersible pumps (ESP) in the Maari field.

A series of workovers to replace ESP's at Maari were successfully executed and we are seeing improved pump reliability.

Gas production was steady at 2.9 BCF, however revenues were significantly improved due to the commencement of production at Wortel at higher gas prices.

The company's debt, being project debt on Maari, was paid off in financial year 2012 and the company is now debt free.

Drilling at Maari, New Zealand



Grati facilities, Indonesia



Oyong Production Barge, Indonesia



HIGHLIGHTS



- Production income of \$41.2M
- Gross profit of \$27.4M
- Net profit after tax of \$5.7M
- Cash at year end of \$33.7M
- Final Maari project debt repayment made, company now debt free
- Gas production commenced from Wortel field asset, reliably delivering contract gas quantity to Indonesia Power
- Cash received from sale of Cash Maple gas field of US\$8 million
- Two wells drilled in Mahakam Hilir PSC, onshore Kalimantan, Indonesia. Appraisal drilling planned commencing Q1 2013
- Infill well drilled in Oyong field increased production by over 40%
- Free carried exploration well drilled on Banambu Deep Prospect in WA-389-P
- Foxhound 3D seismic survey acquired over WA-360-P. Significant in de-risking the Maxwell prospect

Drilling at Mahakam Hilir, Indonesia



CORPORATE DIRECTORY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



DIRECTORS:

RG Tweedie (Chairman)
TE Dibb
GJ King
SJ Koroknay
PD Moore
L Musca
AA Young

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MELBOURNE VIC 3000

New Zealand Exchange Limited
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OTCQX
OTC Markets
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New York, NY 10013-1015

Port Moresby Stock Exchange
Cnr of Champion Parade & Hunter Street
PORT MORESBY, PAPUA NEW GUINEA



REVENUE AND NET PROFIT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



	Percentage Change Over June '11	Amount \$'000
Revenue	Down 30.2%	41,654
Profit after tax attributable to members	Down 70.2%	5,697
Net profit attributable to members	Down 70.2%	5,697

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 from production of oil and gas was \$41.2M, revenue reduced substantially from 2011 due to lower oil production from Maari and lower cost oil recovery from Oyong. This was offset to some extent by the commencement of gas production at Wortel in the Sampang PSC, Indonesia and foreign exchange gains.

(ii) Net Result

The net profit reduction was primarily as a result of lower production revenue and higher production costs; partially offset by no impairment or hedge expenses and foreign exchange gains.

	30/06/2012	30/06/2011
Net Tangible Assets Per Security	16.5 cents	17.3 cents

Facilities, SE Gobe, PNG



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



	NOTE	2012 \$000's	2011 \$000's
Production income		41,222	52,506
Production costs		(13,778)	(9,113)
Gross profit from production		27,444	43,393
Other income	2	274	7,164
Amortisation costs		(10,500)	(9,644)
Impairment expenses		-	(2,838)
Finance (costs)/income			
Interest expense		(84)	(173)
Net realised gain/(loss) on oil hedge derivatives		158	(1,209)
Change in fair value of oil hedge derivatives		-	(935)
Net foreign currency exchange gain/(loss)		2,616	(5,328)
Other expenses	3	(6,253)	(4,669)
Profit before income tax		13,655	25,761
Income tax expense		(7,958)	(6,654)
Net Profit for the year		5,697	19,107
Other comprehensive income			
Change in the value of available for sale financial assets		-	-
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		5,697	19,107
Profit is attributable to:			
owners of Cue Energy Resources Limited		5,697	19,107
Total comprehensive income for the year			
Is attributable to :			
owners of Cue Energy Resources Limited		5,697	19,107
Basic earnings per share (cents per share)		0.82	2.7
Diluted earnings per share (cents per share)		0.82	2.7

The above Statement of Comprehensive Income should be read in conjunction with the attached Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012



	NOTE	2012 \$000's	2011 \$000's
Current Assets			
Cash and cash equivalents	6	33,733	52,811
Trade and other receivables		11,746	17,286
Inventory		1,500	-
Total Current Assets		46,979	70,097
Non Current Assets			
Property, plant and equipment		84	72
Deferred tax assets		322	321
Exploration and evaluation expenditure		31,765	13,166
Production properties		84,886	68,786
Total Non Current Assets		117,057	82,345
Total Assets		164,036	152,442
Current Liabilities			
Trade and other provisions		8,631	5,547
Other financial liabilities		-	935
Tax liabilities		1,293	5,280
Financial liability - secured		-	5,086
Provisions		381	379
Total Current Liabilities		10,305	17,227
Non Current Liabilities			
Deferred tax liabilities		23,098	15,436
Provisions		5,455	946
Total Non Current Liabilities		28,553	16,382
Total Liabilities		38,858	33,609
Net Assets		125,178	118,833
Shareholders' Equity			
Issued capital	5	152,416	151,768
Reserves		391	391
Accumulated losses		(27,629)	(33,326)
Total Shareholders' Equity		125,178	118,833

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

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



	Attributable to equity holders of the parent				
	Issued Capital	Accumulated Losses	Share-based Payment Reserve	Available for Sale Reserve	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2011	151,768	(33,326)	391	-	118,833
Profit for the period, net of tax	-	5,697	-	-	5,697
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	5,697	-	-	5,697
Transactions with the owners in their capacity as owners:					
Issue of shares net of costs	648	-	-	-	648
Balance at 30 June 2012	152,416	(27,629)	391	-	125,178

	Attributable to equity holders of the parent				
	Issued Capital	Accumulated Losses	Share-based Payment Reserve	Available for Sale Reserve	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2010	151,468	(52,433)	391	-	99,426
Profit for the period, net of tax	-	19,107	-	-	19,107
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	19,107	-	-	19,107
Transactions with the owners in their capacity as owners:					
Issue of shares net of costs	300	-	-	-	300
Balance at 30 June 2011	151,768	(33,326)	391	-	118,833

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



		2012	2011
	NOTE	\$000's	\$000's
Cash Flows from Operating Activities			
Production income		41,548	49,026
Interest received		266	349
Payments to employees and other suppliers		(20,585)	(3,459)
Income tax paid		(8,257)	(2,901)
Royalties paid		(1,191)	(1,607)
Interest paid		(52)	(173)
Net cash provided by operating activities	6 (a)	11,729	41,235
Cash Flows from Investing Activities			
Payments with respect to exploration expenditure		(13,156)	(2,185)
Proceeds on refund of exploration expenditure		-	5,050
Proceeds on sale of exploration tenements		7,407	-
Payments with respect to production properties		(22,190)	(6,575)
Payments for plant and equipment		(55)	(24)
Net cash (used in) investing activities		(27,994)	(3,734)
Cash Flows from Financing Activities			
Proceeds from issue of shares		648	300
Repayment of borrowings		(5,086)	(9,036)
Net cash (used in) financing activities		(4,438)	(8,736)
Net Increase/(Decrease) in Cash Held			
Cash and cash equivalents at the beginning of the period.		(20,703)	28,765
Effect of exchange rate change on foreign currency balances held at the beginning of the year		52,811	29,373
		1,625	(5,327)
Cash and cash equivalents at the end of the period	6 (b)	33,733	52,811

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



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, and in accordance with the recognition and measurement requirements but not the disclosure requirements of Accounting Standards and Australian Accounting Interpretations and the Corporations Act 2001. Accounting Standards includes Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS). The preliminary final report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 June 2011 Annual Financial Report.

Basis of Preparation

The preliminary final report is to be read in conjunction with the 2011 Annual Financial Report, the December 2011 half-year report and any public announcements made by Cue Energy Resources Limited and its controlled entities during the year in accordance with the continuous disclosure obligation arising under the ASX Listing Rules. The preliminary final report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. 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 2011, other than as detailed below.

Restatement of Comparative

The prior year balances of deferred tax assets and deferred tax liabilities in the statement of financial position had been restated to reflect the balances after offsetting the amounts consistent with the current year presentation. In offsetting the amounts there has been no change in prior year income tax balances.

NOTE 2 OTHER INCOME

	2012 \$'000	2011 \$'000
Interest from cash and cash equivalents	274	312
Profit on sale of exploration assets	-	6,779
Management fees	-	73
Total Other Income	274	7,164

Drilling, Mahakam Hilir, Indonesia



FPSO, Rarua, Maari, New Zealand



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



NOTE 3 OTHER EXPENSES

	2012 \$'000	2011 \$'000
Depreciation	(44)	(24)
Employee remuneration	(3,289)	(2,982)
Office lease	(203)	(150)
Administration expenses	(693)	(886)
Business development expenses	(2,024)	(627)
Total Other Expenses	(6,253)	(4,669)

Drilling, Mahakam Hilir, Indonesia



SE Gobe Facilities, PNG



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



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.

2012	Australia \$'000	NZ \$'000	Indonesia \$'000	PNG \$'000	All Other Segments \$'000	Total \$'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	3,048	-	-	-	-	3,048
Earnings before interest, tax, depreciation and amortisation	(3,161)	15,789	9,337	2,318	-	24,283
2011	Australia \$'000	NZ \$'000	Indonesia \$'000	PNG \$'000	All Other Segments \$'000	Total \$'000
Production Revenue	-	23,969	25,584	2,953	-	52,506
Production Expenses	-	(5,047)	(3,202)	(864)	-	(9,113)
Gross Profit	-	18,922	22,382	2,089	-	43,393
Other revenue	7,164	-	-	-	-	7,164
Earnings before interest, tax, depreciation and amortisation	(4,952)	18,922	22,382	2,089	-	38,441
Total segment assets						
30 June 2012	38,216	60,554	61,336	3,930	-	164,036
30 June 2011	63,682	55,631	29,704	3,425	-	152,442
Total segment liabilities						
30 June 2012	1,116	11,851	24,322	1,569	-	38,858
30 June 2011	2,737	14,710	14,903	1,259	-	33,609

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



NOTE 4 SEGMENT INFORMATION (cont')

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

	2012 \$'000	2011 \$'000
EBITDA	24,283	38,440
Interest expense	(84)	(173)
Depreciation	(44)	(24)
Amortisation	(10,500)	(9,644)
Impairment writedowns	-	(2,838)
Net Profit before Income Tax	13,655	25,761

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

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

NOTE 5 CONTRIBUTED CAPITAL

	June 2012 Number	June 2011 Number	June 2012 \$'000	June 2011 \$'000
Ordinary shares fully paid (no par value)	698,119,720	694,819,718	152,416	151,768
Total Share Capital	698,119,720	694,819,718	152,416	151,768

Movements in contributed capital since 1 July 2011 were as follows:

	Ordinary Shares	Issue price	\$'000
01/07/11 balance at beginning period	694,819,718		151,768
30/08/2011 shares issue	166,668	20 cents	33
30/08/2011 shares issue	166,667	15 cents	25
19/04/2012 shares issue	1,033,333	15 cents	155
19/04/2012 shares issue	533,334	20 cents	107
19/04/2012 shares issue	866,667	22.5 cents	195
19/04/2012 shares issue	533,333	25 cents	133
30/06/12 balance at end period	698,119,720		152,416

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



NOTE 6 NOTES TO THE CASH FLOWS STATEMENT

Notes to Cash Flow Statement For the Financial Year Ended 30 June 2012

	2012 \$000's	2011 \$000's
(a) Reconciliation of operating profit / (loss) to net cash flows from operating activities:		
Reported profit / (loss) after tax	5,697	19,107
Impact of changes in working capital items		
Decrease/(increase) in assets	(4,967)	13,336
Increase/(decrease) in liabilities	2,139	(9,144)
Items not involving cash flows		
Depreciation	44	24
Amortisation	10,500	9,644
Employee benefits	(59)	103
Net loss/(gain) on foreign currency conversion	(1,625)	5,327
Write down/(up) value of exploration expenditure	-	2,838
Net cash flows from operating activities	11,729	41,235
(b) Cash comprises cash balances held in Australia and foreign currencies, principally US dollars, within Australia and overseas:		
Australia	32,573	52,804
New Zealand	1,152	-
Papua New Guinea	8	7
Cash and bank balances	33,733	52,811
Cash Flow Statement cash balance	33,733	52,811



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



NOTE 7 LIST OF JOINT VENTURE INTERESTS

PETROLEUM PROPERTIES	OPERATOR	CUE INTEREST (%)
Indonesia		
Sampang PSC ⁽ⁱ⁾	Santos (Sampang) Pty Ltd	15.00
Mahakam Hilir PSC	SPC (Mahakam Hilir) Pte Ltd	40.00
Papua New Guinea		
PRL 14	Oil Search (PNG) Limited	10.947
PDL 3	Barracuda Pty Ltd	5.568892
PRL 9	Oil Search (PNG) Limited	14.894
SE Gobe Field Unit	Oil Search (PNG) Limited	3.285646
Australia		
WA-359-P	Apache Northwest Pty Ltd	30.00
WA-360-P	MEO Australia Limited	37.50
WA-361-P	MEO Australia Limited	30.00
WA-389-P	Woodside Burrup Pty Ltd	35.00
WA-409-P	Apache Northwest Pty Ltd	30.00
New Zealand		
PMP 38160	OMV New Zealand Limited	5.00
PEP 51313	Todd Exploration Limited	20.00
PEP 51149	Todd Exploration Limited	20.00
⁽ⁱ⁾ Economic interest in the Jeruk field		8.181818



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012



NOTE 8 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date:

As a result of an economic project arrangement in the Jeruk field within the Sampang PSC, Indonesia, Cue Sampang Pty Ltd (Cue Sampang) may in certain circumstances have an obligation to reimburse certain monies spent by the incoming party from future profit oil within the Sampang PSC. There is a dispute between Cue Sampang and the incoming party as to the quantum of monies that they may be entitled to claim by way of such reimbursement and when any such reimbursement would be payable. The Company is of the view that any amount which might eventually become payable would not be likely to exceed the amount of USD5.3M which has been provided for in the accounts. The Company has taken legal advice and is in discussions to resolve the matter with the incoming party, which has given Notice of Arbitration.

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.

Production Barge, Indonesia

