



ABN 45 066 383 971

5 June 2015

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

Cue acquires US conventional onshore oil

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

Yours faithfully

A handwritten signature in black ink, appearing to read "Andrew Knox".

Andrew M Knox
Chief Financial Officer

CUE ENERGY OVERVIEW

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

THE COMPANY HAS:

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

CUE ENERGY DIRECTORS

- Geoffrey King (Chairman)
- Stuart Brown
- Paul Foley
- Peter Hazledine
- Brian Smith
- Andrew Young

CUE ENERGY MANAGEMENT

- David Biggs (CEO)
- Andrew Knox (CFO)
- Jeffrey Schrull (Exp Man)

OFFICE

Level 19
357 Collins Street
Melbourne Vic 3000

CONTACT DETAILS

Tel: +613 8610 4000
Fax: +613 9614 2142

EMAIL

mail@cuenrg.com.au

WEBSITE

www.cuenrg.com.au

LISTINGS

ASX: CUE
ADR/OTC: CUEYY



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RELEASE

Cue acquires US conventional onshore oil production

Melbourne, 5 June 2015: Cue Energy Resources Ltd (ASX: CUE) will boost oil output and gain significant potential for future production increases, through the acquisition of an 80% operated stake in the producing Pine Mills onshore conventional oil field, in Wood County, 160 km east of Dallas, Texas, USA.

The acquisition, from Gale Force Petroleum of Canada (TSXV: GFE) includes a US\$2 million cash payment, plus the obligation to carry US\$1 million in operating and capital expenses for Gale Force's retained interest over the next four years. Cue will fund the acquisition from existing cash reserves.

Cue chief executive officer, David Biggs, said, *"This acquisition diversifies Cue's oil production portfolio and provides near term upside. It is a step in the execution of Cue's stated existing strategy of acquiring producing assets in lower cost environments with proven prospectivity".*

"Cue has been reviewing conventional US production opportunities for some time now, and the current lower oil price environment has provided the opportunity for this acquisition."

Current production from the field is approximately 90 barrels of oil per day and the acquisition is expected to add approximately 300,000 barrels of 2P reserves net to Cue. This is an increase of 7-10% to Cue's daily oil production and more than 10% to Cue's 2P liquids reserves.

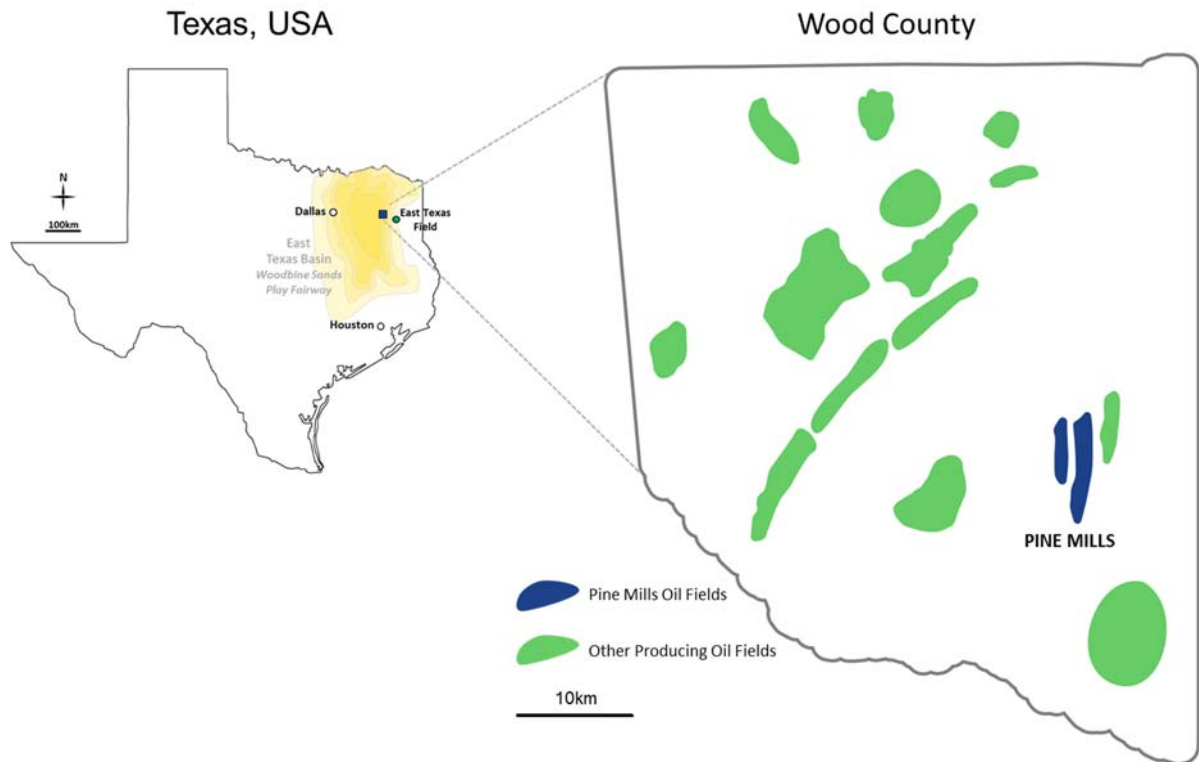
The Pine Mills field includes 14 currently producing, conventional, vertical wells, two water injection wells and a further 13 currently inactive wells. Cue believes that there is significant opportunity to quickly increase production from the Pine Mills field through the low cost workover of producing and inactive wells.

The Pine Mills field taps the prolific Woodbine trend, which includes the East Texas oil field, 150km to the east of Pine Mills, which has produced more than 5.4 billion barrels of oil since its discovery in 1930.

Mr Biggs said *"This will be the first operated production for Cue but there is significant Texas oil and gas production experience within the company and we have put in place an experienced, fit for purpose in-country structure which will allow us to manage the Pine Mills field, achieve increased production rates and lower existing operating costs".*

"Our strategy is to expand production through re-development and low risk appraisal. We will also seek to acquire similar fields in East Texas at the right price to build economies of scale and apply our technical and competitive advantages."

The approximately 2200 acre (gross) acquisition of the Pine Mills oil field provides an attractive entry for Cue Energy into the US conventional onshore market.



Location of Pine Mills, Wood County, Texas, USA

About Cue Energy Resources

Cue Energy Resources Limited (ASX: CUE) is an oil and gas production and exploration company with assets in Indonesia, New Zealand and Australia.

Cue has a 5% working interest in oil production from the offshore Maari field located 80 km offshore Taranaki, New Zealand. Production began in February 2009 from 3 producing reservoirs linked to a Floating Production Storage and Offloading (FPSO), 1.5 km from the wellhead platform.

Cue has a 15% working interest in the Oyong oil field and nearby Wortel gas field in the Madura Strait, offshore Madura Island, East of Java, Indonesia.

Oyong oil production started in 2007, followed by gas production in 2009. Gas produced from Oyong is transported via a 60 km pipeline to the Grati Onshore Gas Facility and sold to PT Indonesia. Oil is piped to a Floating Storage and Offloading (FSO) vessel for storage and export.

Wortel gas production started in 2012, and is linked to the Oyong platform where it is sent to the onshore facilities.

Cue also has interests in exploration properties in Australia, Indonesia and New Zealand.

Any queries regarding this announcement should be directed to the Company on +613 8610 4000 or e-mail: mail@cuenrg.com.au.

David Biggs
Chief Executive Officer

5 June 2015