



Cue Energy Resources Limited

A.B.N. 45 066 383 971

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Melbourne Victoria 3000
Australia

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TO : OTC Market Group Inc.
News Service

DATE : 28 February 2012

PAGES (including this page): 22

FROM : Andrew Knox

RE : **Half Yearly Report for the Financial Period Ended 31 December 2011**

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

Yours faithfully

A handwritten signature in black ink that reads "Andrew Knox". The signature is written in a cursive, flowing style.

Andrew M Knox
Public Officer



Cue Energy Resources Limited

A.B.N. 45 066 383 971

Half Year Report of Cue Energy Resources Limited for the Financial Period Ended 31 December 2011

FINANCIAL SUMMARY

	DEC 2011 \$000's	DEC 2010 \$000's
Production Income	19,976	23,165
Gross Margin	12,161	18,819
Post Tax Profit	3,931	1,329
Cash	50,677	40,622

HIGHLIGHTS

- Cash balance up 24.8% to \$50.7 million (from \$40.6 million at 31/12/10).
- Project debt reduced by 68% to US\$2.6 million from 31/12/10.
- Wortel Gas Field now in production. Reserves of 14BCF, net to Cue.
- Farm in to Mahakam Hilir PSC completed. Gas intersected on drilling of first well.
- Seismic acquisition completed in PEP51149.
- Woodside plan to drill an exploration well in WA-389-P second quarter 2012.
- Interest in WA-360-P increased to 37.5%.
- Acquisition of Zeus 3D seismic survey in WA-361-P completed.
- Received USD8m for the sale of interest in AC/RL7.
- Average oil price received in excess of USD100 bbl.



Cue Energy Resources Limited

A.B.N. 45 066 383 971

Half Year Report of Cue Energy Resources Limited for the Financial Period Ended 31 December 2011

*This Half Year Report is provided to the Australian Stock Exchange
(ASX) under ASX Listing Rule 4.2A*

Current Reporting Period: Financial Period ending 31 December 2011 (6 months)
Previous Corresponding Period: Financial Period ending 31 December 2010 (6 months)

Results for Announcement to the Market for the Half Year Ended 31 December 2011.

	Percentage Change Over Dec '10 (6 months)	Amount (6 months) \$'000
Revenue	(1.7)%	22,970
Profit after tax attributable to members	196%	3,931
Net profit attributable to members	196%	3,931
Cash	24.8%	50,677

Dividends

No dividends have been paid or proposed.

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

(i) Revenue from Ordinary Activities

Marginal movement in revenues can be attributed mainly to a 27% reduction in oil sales mitigated by higher oil prices and a foreign exchange gain of \$2.68m.

(ii) Net Result

Increase to \$3.93m profit was primarily as a result of foreign exchange movement of \$6.18m from a loss of \$3.5m to a gain of \$2.68m.

	31/12/2011	31/12/2010
Net Tangible Assets Per Security	20.0 cents	19.3 cents

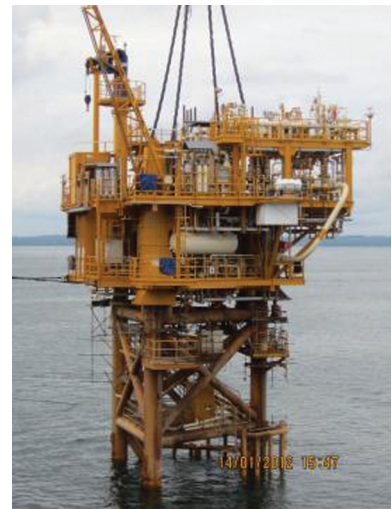
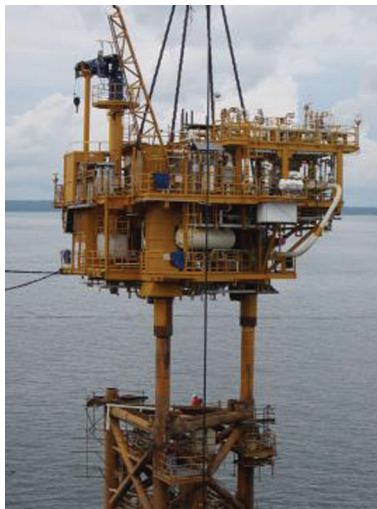


Cue Energy Resources Limited

A.B.N. 45 066 383 971

HALF YEAR FINANCIAL REPORT AND DIRECTORS' REPORT

31 December 2011



Installation of Topsides on Wortel

CORPORATE DIRECTORY

DIRECTORS:

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

ADMINISTRATION OFFICE:

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114 William Street
MELBOURNE VIC 3000

SHARE REGISTER:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Australia

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Melbourne Vic 3001
Australia

Tel: 1300 850 505 (within Australia)
or 61 3 9415 4000 (outside Australia)
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Email: web.queries@computershare.com.au
Website: www.computershare.com

AUDITORS:

PKF
Level 14, 140 William Street
MELBOURNE VIC 3000

SOLICITORS:

Allens Arthur Robinson
530 Collins Street
MELBOURNE VIC 3000

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SECURITIES EXCHANGE LISTINGS:

Australian Securities Exchange Ltd
525 Collins Street
MELBOURNE VIC 3000

New Zealand Exchange Limited
Level 2, NZX Centre, 11 Cable Street
PO Box 2959
WELLINGTON, NEW ZEALAND

OTCQX
OTC Markets
304 Hudson Street 3rd Floor
New York, NY 10013-1015

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

DIRECTORS' REPORT

The directors present their report together with the consolidated Financial Report of Cue Energy Resources Limited ("Cue") for the half-year ended 31 December 2011.

DIRECTORS

The directors of the Company in office during and since the half-year are as follows:

RG Tweedie (Chairman)	
TE Dibb	(appointed 24/11/11)
GJ King	(appointed 24/11/11)
SJ Koroknay	
PD Moore	(appointed 24/11/11)
Leon Musca	
AA Young	(appointed 13/12/11)

RESULT

The consolidated profit after tax of the economic entity for the half-year ended 31 December 2011 amounted to \$3.93m (2010: \$1.39m).

During the half year the Group earned production income of \$19.98m (2010: \$23.17m) and incurred production costs of \$7.82m (2010: \$4.3m). There were no impairment expenses (2010: \$3m) incurred during the half year and foreign exchange movements resulted in a gain of \$2.68m (2010: \$3.5m loss).

DIVIDENDS

No dividends were paid or declared during the half year.

REVIEW OF OPERATIONS

Papua New Guinea

PDL 3 SE Gobe Field, PNG (5.568892% interest) SE Gobe Unit, PNG (3.285646% interest) Operator: Oil Search (PNG) Limited

Cue's share of oil sales from the SE Gobe field was 13,805 barrels during the half-year. This generated A\$1.56m revenue.

The construction of facilities to process the associated gas cap from SE Gobe continues. The gas will be exported to the PNG LNG gas pipeline and LNG processing plant from June 2014.

The gas export rate from the SE Gobe field is expected to be approximately 35mmscf/d for the project for ten years from June 2014.

Indonesia

Sampang PSC- Madura Strait (15% interest)

Operator: Santos

- **Oyong Field**

Oil production was lower due to production shutdowns associated with tying in the Wortel field. Cue's share of oil sales was 12,439 barrels of oil which generated A\$1.4m in revenue.

Cue's share of gas sales was 1,183,719 MCF which generated A\$3.1m in revenue during the half year.

On 8th January the COSL Boss drilling rig completed the Wortel development drilling and moved over the Oyong wellhead platform to drill the Oyong-11 infill production well.

Wortel platform deck



- **Wortel Field**

The Wortel gas field development is complete. The Wortel-3 and Wortel-4 development wells were drilled and completed with the COSL Boss jackup drilling rig. Drilling was successfully completed on 8th January. The subsea pipeline connecting the Wortel and Oyong wellhead platforms was commissioned. The construction and recommissioning of the platform topsides were completed in the fabrication yard and transported to the site on 12th January. These were successfully installed on the 14th January. Hook-up and commissioning work is complete and first gas production commenced in late January. Wortel production to be gradually brought up to full rate over February.

The combined Oyong and Wortel gas production rate is expected to be around 90 mmscf/d for the projects for the rest of the financial year.

Drilling at Naga Utara

Mahakam Hilir PSC (40% interest)

Operator: Singapore Petroleum

- **Naga Utara & Naga Selatan**

Drilling of the first of two exploration wells called Naga Utara (Northern Dragon) began on 4 January 2012 and Naga Selatan (Southern Dragon) will follow.

At the date of this report the Naga Utara well has drilled to a depth of 4,887 ft MD. Multiple hydrocarbons shows were encountered between 3,070 ft MD and 4,780 ft MD and a high-pressure gas zone was encountered between 4,780 and 4,887 ft MD. The drill pipe became stuck and a cement plug was set. The well is currently being sidetracked to redrill and log hydrocarbons previously intersected. It is proposed to drill to a total depth of 5,500 ft MD.



New Zealand

PMP 38160 Offshore Taranaki Basin (5% interest)**Operator: OMV New Zealand Ltd**

- **Maari and Manaia Fields**

Cue's net share of oil sales from the Maari and Manaia fields was 126,842 barrels which generated A\$13.87m in revenue. Oil from Maari and Manaia is being commingled and produced jointly.

The Operator has moved forward with plans for additional development of the Maari and Manaia fields. Planning is underway for new high definition seismic to be acquired in the first half of 2012 over the Maari, Manaia and Maari South fields, the seismic will also be extended into PEP

51313 to cover the Pike prospect (Cue 20%). The new 3D seismic will be used to develop the field in Phase 2.

In addition the Joint Venture is planning for two firm and one contingent appraisal wells to be drilled for the assessment of the untapped potential of the area in the 2012/13 summer drilling season. The first well is to target the Manaia structure to assess the discovered but unappraised and undeveloped accumulation in the Moki sands. It will also allow assessment of how the current production well is draining in the Mangahewa accumulation and to confirm whether there is commercial oil recoverable from the deeper F-Sands. A second firm appraisal well will be drilled to confirm the reservoir quality and size of the Maari South structure which can potentially be developed by extended reach drilling from the Maari platform. A third appraisal well is contingent on the new seismic interpretation.

Progress has been made on enhancing the water flood in the main Maari field. Additional perforations have been added to the Maari 7 and 8 injection wells which has resulted in improved injection performance and injection rates to provide enhanced support to the producers over the long term.

The Operator has a number of initiatives in place for 2012 aiming to improve the ESP performance, these include more regular washing of the pumps with acid to remove scale which has been one of the primary causes of pump failure. The motor design has also been improved to rectify another key source of failure.

Planning is underway for full field development of all the commercial accumulations associated with Maari and Manaia with the main development drilling to be conducted in 2013/14 summer drilling season.

Australia

- **WA-359-P and WA-409-P Carnarvon Basin –Western Australia (30% interest)**

Operator: Apache Northwest Pty Ltd

Acquisition of the approximately 1750 square kilometre Zeebries 3D seismic survey was completed and interpretation is being completed. It is expected to define several new drillable prospects.

- **WA-389-P Carnarvon Basin –Western Australia (35% interest)**

Operator: Woodside Burrup Pty Ltd

Acquisition of the Movida 3D and reprocessing of the Banambu and Rose 3D seismic surveys was completed. Interpretation of the data has been progressed to define drilling candidates. Woodside is proposing to drill an exploration well in the second quarter of 2012. Cue is free carried through this well.



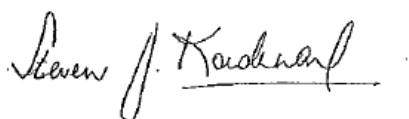
ROUNDING OF AMOUNTS

The Company is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission relating to “rounding of amounts” in the Director’s Report. Amounts in the Director’s Report and the Half-Yearly Financial Report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar where appropriate.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor independence declaration is set out on page 7.

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, reading "Steven J. Koroknay". The signature is written in a cursive style with a horizontal line underneath the name.

SJ Koroknay
Director

Dated at Melbourne this 28th day of February 2012.

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**To: The Directors
Cue Energy Resources Limited and the entities it controlled during the year**

I declare to the best of my knowledge and belief, in relation to the audit for the financial half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.



D J Garvey
Partner
PKF

28 February 2012
Melbourne

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Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 December 2011**

		31/12/11	31/12/10
	NOTE	\$000's	\$000's
Production income		19,976	23,165
Production costs		(7,815)	(4,346)
Gross Profit from Production		12,161	18,819
Other income	2	156	199
Amortisation costs		(4,270)	(5,471)
Finance costs			
• Finance expense		(85)	(152)
• Net realised gain/(loss) on oil hedge derivatives		154	(668)
• Net foreign currency exchange gain/(loss)		2,684	(3,495)
Impairment expenses		-	(2,995)
Other expenses	3	(2,731)	(1,865)
Profit before income tax		8,069	4,372
Tax expense		(4,138)	(3,043)
Net Profit for the half-year		3,931	1,329

Other comprehensive income

Other comprehensive income for half-year net of tax

-

-

Profit is attributable to:

owners of Cue Energy Resources Limited

3,931

1,329

Total comprehensive income for the half-year

Is attributable to :

owners of Cue Energy Resources Limited

3,931

1,329

Basic earnings per share (cents per share)

0.57

0.2

Diluted earnings per share (cents per share)

0.57

0.2

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2011

		31/12/11	30/06/11
	NOTE	\$000's	\$000's
Current Assets			
Cash and cash equivalents		50,677	52,811
Trade and other receivables		6,888	17,286
Total Current Assets		57,565	70,097
Non Current Assets			
Property, plant and equipment		75	72
Deferred tax assets		13,233	11,612
Exploration and evaluation expenditure		20,666	13,166
Production properties		78,085	68,786
Total Non Current Assets		112,059	93,636
Total Assets		169,624	163,733
Current Liabilities			
Trade and other payables		6,345	5,547
Other financial liabilities		19	935
Financial liability-secured		2,536	5,086
Tax liabilities		6,857	5,280
Provisions		391	379
Total Current Liabilities		16,148	17,227
Non Current Liabilities			
Deferred tax liabilities		29,759	26,727
Provisions		895	946
Total Non Current Liabilities		30,654	27,673
Total Liabilities		46,802	44,900
Net Assets		122,822	118,833
Equity			
Contributed equity	5	151,826	151,768
Reserves		391	391
Accumulated losses		(29,395)	(33,326)
Total Equity		122,822	118,833

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR
ENDED 31 December 2011**

Consolidated	Attributable to equity holders of the parent			
	Contributed Equity	Accumulated Losses	Share-based Payments Reserve	Total
	\$000's	\$000's	\$000's	\$000's
At 1 July 2011	151,768	(33,326)	391	118,833
Profit for the period	-	3,931	-	3,931
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	3,931	-	3,931
Transactions with owners in their capacity as owners:				
Issue of shares	58	-	-	58
As at 31 December 2011	151,826	(29,395)	391	122,822
At 1 July 2010	151,468	(52,432)	391	99,427
Profit for the period	-	1,329	-	1,329
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	1,329	-	1,329
Transactions with owners in their capacity as owners:				
Issue of shares	-	-	-	-
As at 31 December 2010	151,468	(51,103)	391	100,756

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE HALF-YEAR ENDED 31 December 2011**

	31/12/11	31/12/10
	\$000's	\$000's
Cash Flows From Operating Activities		
Production receipts	23,311	26,038
Interest received	158	187
Payments to employees and other suppliers	(8,791)	(5,542)
Income tax paid	(2,327)	(2,198)
Royalties paid	(752)	(564)
Oil hedge income	(833)	944
Net Cash Provided by Operating activities	10,766	18,865
Cash Flows From Investing Activities		
Payments for exploration expenditure	(8,078)	(694)
Payment for office equipment	(41)	(3)
Payments for production property	(13,001)	(3,367)
Proceeds on sale of investments	7,984	5,757
Net Cash Used in Provided by Investing Activities	(13,136)	1,693
Cash Flows From Financing Activities		
Repayment of borrowings	(2,856)	(3,838)
Proceeds from issues of shares, options, etc	58	-
Net Cash Used in by Financing Activities	(2,798)	(3,838)
Net (decrease)/increase in Cash and Cash Equivalents	(5,168)	16,720
Cash and cash equivalents at the beginning of the period	52,811	29,373
Effect of exchange rate change on foreign currency balances held at the beginning of the year	3,034	(5,471)
Cash and Cash Equivalents at the end of the Period	50,677	40,622

The accompanying notes form part of and are to be read in conjunction with these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2011**

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report, together with any public announcements made by Cue Energy Resources Limited (the "Group").

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(b) Basis of preparation

The half-year financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. 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 half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2011.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2011 (continued)**

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Cue Energy Resources Limited controlled from time to time during the period and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2011 (continued)**

	2011 \$000's	2010 \$000's
NOTE 2 OTHER INCOME		
Interest from Cash and Cash Equivalents	156	153
Management Fees	-	46
Total Other Income	<u>156</u>	<u>199</u>

NOTE 3 OTHER EXPENSES

Depreciation	27	12
Employee Benefits Expense	1,132	1,129
Operating Lease	90	51
Administration Expenses	1,482	673
Total other expenses	<u>2,731</u>	<u>1,865</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2011 (continued)**

NOTE 4 SEGMENT INFORMATION

The Group operates predominantly in one business, namely the exploration development and production of hydrocarbons. Revenue is derived from the sale of gas and liquid hydrocarbons.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing borrowings and expenses, and corporate assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographic Segments

The Group operates primarily in Australia but also has international operations in Indonesia, Papua New Guinea and New Zealand. Therefore the Group is organised into four principal geographic segments: Australia, New Zealand, Indonesia and Papua New Guinea. These segments are based on the internal reports that are reviewed and used by the board of directors (who are identified as the chief operating decision makers (CODM)) in assessing performance and in determining the allocation of resources.

The CODM assesses the performance of the operating segments based upon a measure of earnings before interest, tax, depreciation and amortisation. The information reported to the CODM is on a best monthly basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2011 (continued)**

Half-year 2011					All Other Segments	Total
	Australia	NZ	Indonesia	PNG		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	2,994	13,874	4,543	1,559	-	22,970
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	2,994	13,874	4,543	1,559	-	22,970
Earnings before interest, tax, depreciation and amortisation	290	10,736	542	881	-	12,449
Half-year 2010						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	199	10,103	11,668	1,394	-	23,364
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	199	10,103	11,668	1,394	-	23,364
Earnings before interest, tax, depreciation and amortisation	(5,817)	7,720	10,097	1,002	-	13,002
Total segment assets						
31 December 2011	53,450	65,510	47,103	3,561	-	169,624
30 June 2011	63,682	65,140	31,486	3,425	-	163,733
Total segment liabilities						
31 December 2011	757	19,752	24,794	1,499	-	46,802
30 June 2011	2,737	24,219	16,685	1,259	-	44,900

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2011 (continued)**

NOTE 4 SEGMENT INFORMATION

Reconciliation of adjusted Profit before Income Tax to Net Profit before Income Tax:

	2011	2010
	\$000's	\$000's
EBITDA	12,449	13,002
Amortisation and depreciation expenses	(4,295)	(5,483)
Finance costs	(85)	(152)
Impairment writedowns	-	(2,995)
Net Profit before Income Tax	<u>8,069</u>	<u>4,372</u>

The Board assesses the performance of the operating segments based upon a measure of EBITDA.

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

NOTE 5 CONTRIBUTED CAPITAL

	Dec 2011	June 2011	Dec 2011	June 2011
	Number	Number	\$'000	\$'000
Ordinary shares fully paid (no par value)				
Opening balance as at 1 July 2011	694,819,718	693,319,718	151,768	151,468
Options exercised	333,335	1,500,000	58	300
Closing Share Capital as at 31 December 2011	<u>695,153,053</u>	<u>694,819,718</u>	<u>151,826</u>	<u>151,768</u>

NOTE 6 EVENTS SUBSEQUENT TO BALANCE DATE

Drilling of the first of two exploration wells called Naga Utara (Northern Dragon) began on 4 January 2012 and Naga Selatan (Southern Dragon) will follow.

At the date of this report the Naga Utara well has drilled to a depth of 4,887 ft MD. Multiple hydrocarbons shows were encountered between 3,070 ft MD and 4,780 ft MD and a high-pressure gas zone was encountered between 4,780 and 4,887 ft MD. The drill pipe became stuck and a cement plug was set. The well is currently being sidetracked to redrill and log hydrocarbons previously intersected. It is proposed to drill to a total depth of 5,500 ft MD.

Apart from the above, the Directors are not aware of any matters or circumstances which have arisen since the end of the financial half-year, not otherwise dealt with in this Report, which may significantly effect the operations of the entity, the results of those operations or state of affairs of the Group.

NOTE 7 CONTINGENT ASSETS/LIABILITIES

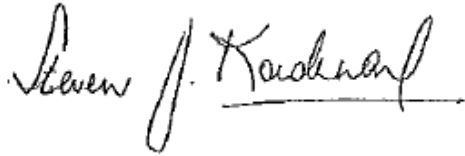
There has been no change since 30 June 2011 in reportable contingent assets or liabilities.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cue Energy Resources Limited, I state that:
In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting", and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.

A handwritten signature in black ink, reading "Steven J. Koroknay". The signature is written in a cursive style with a horizontal line underneath the name.

SJ Koroknay
Director

Dated at Melbourne this 28th day of February 2012



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CUE ENERGY RESOURCES LIMITED**

Chartered Accountants
& Business Advisers

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Cue Energy Resources Limited which comprises the statement of financial position as at 31 December 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Cue Energy Resources Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cue Energy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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28 February 2012
Melbourne



D J Garvey
Partner

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