

# BIDDER'S STATEMENT

FOR AN ON-MARKET CASH OFFER BY

NZOG OFFSHORE LIMITED

(a wholly owned subsidiary of NEW ZEALAND OIL & GAS  
LIMITED ARBN 003 064 962 (NZX/ASX: NZO))

to acquire all your ordinary shares in

CUE ENERGY RESOURCES LIMITED

for A\$0.10 cash per share

*The Offer Price for each Share will not be increased above A\$0.10 during the Offer Period in the absence of a competing proposal and the Offer Period is unlikely to be extended (see section 5.2 of Part 2)*

**TO ACCEPT THIS OFFER PLEASE INSTRUCT YOUR BROKER TO  
SELL YOUR SHAREHOLDING TO NZOG OFFSHORE LIMITED  
THROUGH ITS BROKER, BELL POTTER SECURITIES LIMITED  
ABN 25 006 390 772**

**THE OFFER HAS NO CONDITIONS AND IS ABLE TO BE ACCEPTED  
BY SELLING ON ASX IMMEDIATELY, ALLOWING THREE TRADING  
DAYS FOR RECEIPT OF CASH.**

The Offer expires at the end of trading (approximately 4.12pm Sydney, Australia time)  
on 27 March 2015, unless withdrawn or extended

If you have any questions in relation to the Offer, please call the Offer Information Line on  
+64 4 495 2423 on Monday to Friday between 7.00am and 3.00pm (Sydney, Australia time)

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**This is an important document and requires your immediate attention**

If you are in doubt as to how to deal with this document or the Offer contained in it, please consult your financial or other professional adviser.

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# Important Information

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## Nature of this document

This is the Bidder's Statement dated 12 February 2015 given by the Bidder under Part 6.5 division 2 of the Corporations Act. It includes an Offer which will be made on 27 February 2015. A copy of this Bidder's Statement was lodged with ASIC and sent to ASX on 12 February 2015. Neither ASIC nor ASX takes any responsibility for the content of this Bidder's Statement. You should read this Bidder's Statement in full and seek independent advice if you have any queries in respect of the Offer.

## Defined Terms

Capitalised terms used in this Bidder's Statement are defined in Part 3 of this Bidder's Statement. All amounts are in Australian dollars unless otherwise stated.

## Investment decisions

Nothing in this Bidder's Statement constitutes investment, legal, tax or other advice. This document does not take into account the individual investment objectives, financial situation or particular needs of each Shareholder or any other person, and should not be relied on as the sole basis for any investment decision relating to Shares. Cue Shareholders should seek independent financial, legal and taxation advice before deciding whether to accept or reject the Offer.

## Forward looking statements

This Bidder's Statement contains both historical and forward-looking statements in connection with the Bidder and Cue, including statements of current intention or expectation. Any such forward-looking statements relate to future matters and are subject to various inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied by any forward-looking statements. None of the Bidder, any of its directors or officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. The forward-looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement. Subject to any obligations under law or the ASX Listing Rules, the Bidder does not give any undertaking to update or revise any forward-looking statements after the date of this Bidder's Statement to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

## Disclaimer as to Cue information

The information on Cue contained in this Bidder's Statement has been prepared by the Bidder using publicly available information about Cue. The information in this Bidder's Statement concerning Cue has not been independently verified by the Bidder. Accordingly, subject to the Corporations Act, the Bidder does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

## Foreign jurisdictions

The distribution of this document and the making of the Offers may, in certain jurisdictions, be restricted by law. The Offers are not being made, directly or indirectly, in or into, and will not be capable of acceptance from within, any jurisdiction in which the making of the Offers or the acceptance thereof would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this document should inform themselves of and observe any of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any of these jurisdictions. The Bidder does not assume any responsibility for any violation by any person of any of these restrictions.

## Privacy statement

The Bidder will collect personal information about Cue Shareholders' holdings of Shares in accordance with the Corporations Act. The Bidder will share that personal information with its advisers and service providers only to the extent necessary for purposes relating to the Offer. Under the *Privacy Act 1988* (Cth), Cue Shareholders may request access to personal information about them held by the Bidder and its agents. Cue Shareholders can contact the Bidder on the Offer Information Line, if they have questions about their personal information.

## Offer Information Line

If you have any questions in relation to the Offer, please call the Offer Information Line on +64 4 495 2423 on Monday to Friday between 7.00am and 3.00pm (Sydney, Australia time).

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## Key Dates

**Announcement Date:** 12 February 2015

**Bidder's Statement lodged with ASIC:** 12 February 2015

**Cue Shareholders able to sell Shares to the Bidder:** 12 February 2015

**Offer Period commences:** 27 February 2015

**Offer closes, unless extended or withdrawn:** end of trading (approximately 4.12pm Sydney time) on 27 March 2015

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## Letter to Shareholders

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I am pleased to enclose a Bidder's Statement which contains an Offer from NZOG Offshore Limited (**Bidder**), a wholly owned subsidiary of New Zealand Oil & Gas Limited, to acquire all of the issued ordinary shares of Cue Energy Resources Limited (**Cue**) that it does not already own.

The Bidder acquired a 19.99% interest in the Shares of Cue from Todd Petroleum Mining Company Limited (**Todd**) on 19 December 2014 at A\$0.10 per share. By making this Offer, the Bidder seeks to increase its shareholding in Cue to a level where it can better influence the future direction of Cue and encourage Cue to seek value for all shareholders.

The Offer extends to all Shares, but the Bidder will be comfortable if it can acquire at least a further 10% of Shares under the Offer in the Offer Period.

The Bidder is offering A\$0.10 cash for each of your Shares and will not increase the Offer Price during the Offer Period in the absence of a competing proposal. The Offer is unconditional and will remain open until 27 March 2015, unless extended or withdrawn. For the reasons set out in section 5.2 of Part 2, it is unlikely that the Bidder will extend the Offer Period, but it reserves its right to do so.

The Bidder has instructed Bell Potter Securities Limited ABN 25 006 390 772 (**Bidder's Broker**) to purchase at the Offer Price of A\$0.10 per share all Shares offered for sale to it on the ASX during the period from the Announcement of the Offer to ASX until the end of the Offer Period.

The Offer is at a premium of 11.1% to Cue's last trading price prior to announcement of the Offer, and values Cue at approximately A\$69.8 million. The Offer provides you certain and immediate value and the opportunity to receive cash within three trading days from the date you instruct your broker to sell your Shares.

Key reasons for accepting the Offer include:

- the Offer is at a premium to the last trading price and 90 trading day volume weighted average price of Shares on the trading day prior to announcement of the Offer;
- the Offer Price will be paid to you in cash;
- as the Offer is unconditional, you can sell your Shares to the Bidder immediately and receive cash 3 Trading Days (T+3) after your acceptance;
- the Offer gives you a certain exit opportunity, meaning that acceptance of the Offer removes any risks and uncertainties that could otherwise affect the future value of your Shares, including oil and gas price risk and exploration and development risks of Cue's exploration assets; and
- in the absence of the Offer or a competing bid, the Share price may fall below the value of the Offer.

If you wish to accept this Offer you can do so by instructing your broker to sell your shareholding in Cue to the Bidder through its broker to the Offer, Bell Potter Securities Limited. I encourage you to read this Bidder's Statement for more details about the Offer. The Offer is open for acceptance until end of trading (approximately 4.12pm, Sydney time) on 27 March 2015, unless extended or withdrawn. For the reasons set out in section 5.2 of Part 2, it is unlikely that the Bidder will extend the Offer Period, but it reserves its right to do so.

If you have any questions in relation to the Offer please contact your legal, financial or other professional advisor. Alternatively, you may contact the Offer Information Line on +64 4 495 2423 from Monday to Friday between 7.00am and 3.00pm (Sydney, Australia time).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Griffiths', with a stylized flourish at the end.

Peter Griffiths  
Chairman  
New Zealand Oil & Gas Limited

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# Why you should accept this Offer

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## **1. The Offer Price is at a premium to the last trading price prior to Announcement**

NZOG's Offer gives you the opportunity to sell your Shares for A\$0.10 cash per Share.

The Offer price of A\$0.10 per Share represents:

- 11.1% premium to the closing price of A\$0.09 per Share on 11 February 2015, the last trading day before the Announcement Date; and
- a 17.5% premium to the 90 day volume weighted average market price of A\$0.0851 per Share on the last trading day before the Announcement Date.

## **2. The Offer Price will be paid to you in cash**

The Bidder's Offer is to acquire your Shares for 100% cash consideration.

## **3. As the Offer is unconditional, you can sell your Shares to the Bidder immediately and receive cash 3 Trading Days (T+3) after your acceptance**

There are no conditions attached to the Offer and you can sell your Shares to the Bidder for A\$0.10 cash per Share on market now. Accordingly you can accept the Offer knowing that you will be paid in cash three trading days after your acceptance (T+3 Basis).

Section 2 of Part 1 of this Bidder' Statement provides instructions on how you can accept the Offer.

## **4. The Offer gives you a certain exit opportunity**

The certainty provided by receiving a cash price under the Offer should be compared with the risks and uncertainties associated with remaining a Shareholder, including oil and gas price risk and exploration and development risks of Cue's exploration assets.

## **5. If the Offer is not accepted, the market price of Shares may fall**

While there are many factors that will influence the market price of Shares, in the absence of the Offer or a competing bid, the Share price may fall below the value of the Offer.

# **ACCEPT THE OFFER**

# Frequently asked questions

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This section is designed to help you understand some of the issues relating to the Offer and should be read together with the rest of this Bidder's Statement before deciding whether or not to accept the Offer.

| Question   | Answer   |
|--|--|
| <b>Why have I received this document?</b>                  | <p>You have received this Bidder's Statement because you are a Cue Shareholder.</p> <p>It contains important information prepared by the Bidder to help you determine whether or not to accept the Offer. You should read this Bidder's Statement in full and seek independent advice if you have any queries in respect of the Offer.</p>                 |
| <b>What is the Offer?</b>                                  | <p>The Offer is A\$0.10 in cash per Share for all of your Shares.</p>  |
| <b>When can I sell my Shares to the Bidder?</b>            | <p>You can sell your Shares on market to the Bidder immediately. Bidder's Broker will stand in the market on behalf of the Bidder and receive Shares offered to it at the Offer Price from the Announcement Date until 27 March 2015, the date the Offer is scheduled to close (unless extended or withdrawn in accordance with the Corporations Act).</p> |
| <b>Who is making the Offer?</b>                            | <p>NZOG Offshore Limited, a company incorporated in New Zealand and a wholly owned subsidiary of New Zealand Oil &amp; Gas Limited, a company incorporated in New Zealand and listed on the ASX and NZX.</p>   |
| <b>How do I accept the Offer?</b>                          | <p>To accept the Offer, you should follow the instructions set out in Section 2 of Part 1 of this Bidder's Statement.</p>  |
| <b>If I accept the Offer, when will I be paid?</b>         | <p>The usual rules for settlement of transactions which occur on market on ASX will apply in respect of the Bidder's purchase of Shares on market. This means that, if you accept the Offer, you will be paid on a T+3 Basis (generally being 3 Trading Days after your acceptance).</p>   |
| <b>Will the Bidder increase the Offer Price?</b>           | <p>The Offer Price of A\$0.10 for each Share will not be increased during the Offer Period in the absence of a competing proposal.</p>   |
| <b>Will I need to pay brokerage if I accept the Offer?</b> | <p>You are responsible for paying your broker's fees. You should ask your broker or Controlling Participant (usually your broker) whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p>   |
| <b>When does the Offer close?</b>                          | <p>The Offer is currently scheduled to close at the end of trading (approximately 4.12pm, Sydney time) on 27 March 2015, unless extended or withdrawn. For the reasons set out in section 5.2 of Part 2, it is unlikely that the Bidder will extend the Offer Period, but it reserves its right to do so.</p>  |
| <b>Are there any conditions to the Offer?</b>              | <p>No. The Offer is an unconditional cash offer.</p>   |

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**What are the tax implications of accepting the Offer?**

Section 6 of Part 2 contains a general summary of the Australian tax considerations for Cue Shareholders who hold their Shares as capital assets for the purposes of investment and dispose of their Shares under the Offer. You should not rely on the summary as advice as to your own affairs. You should consult your financial, tax or other adviser on the tax implications for you of accepting the Offer, in light of your own personal circumstances.

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**What happens if I do not accept the Offer?**

You will remain a Cue Shareholder and will not receive the cash consideration offered by the Bidder.

However, you should note that:

- if the Bidder acquires Control of Cue, and you continue to hold Shares, you will be exposed to the risks associated with being a minority Shareholder; and
  - if the Bidder becomes entitled to compulsorily acquire your Shares, it intends to do so. If your Shares are compulsorily acquired by the Bidder, the acquisition will be on the same terms as the Offer (including the same consideration for each Share acquired). However, you will be sent the money later than the Shareholders who choose to accept the Offer.
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**What if I require further information?**

If you have any questions in relation to the Offer or how to accept it, please call the Offer Information Line on +64 4 495 2423 from Monday to Friday between 7.00am and 3.00pm (Sydney, Australia time).

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# Part 1 – Information about the Offer

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## 1. Overview of the Offer

### 1.1 Summary of Offer terms – on-market takeover bid

The Bidder Offers under an on-market takeover bid to purchase all Shares that exist or will exist at any time during the Offer Period (excluding all Shares held by the Bidder) for A\$0.10 cash per Share.

As disclosed to ASX on 12 February 2015, Bidder's Broker will make the Offers on behalf of the Bidder on the ASX during the Offer Period.

A copy of the takeover announcement is set out in Annexure A of this Bidder's Statement.

### 1.2 Offer

The Bidder hereby offers to acquire all Shares together with rights attaching to them for consideration of A\$0.10 cash per share, on the terms and conditions set out in this Offer.

The Offer Price will not be increased during the Offer Period in the absence of a competing proposal.

### 1.3 How the Offers will be made

The Offers will be made on behalf of the Bidder by Bidder's Broker through the ASX during the Offer Period.

### 1.4 Persons to whom the Offer is made

The Offer is to all holders of ordinary shares of Cue to which the Bidder is not already entitled.

### 1.5 Offer Period

The Offer Period will officially commence at the start of trading on ASX on 27 February 2015 and finish immediately at the close of trading on the ASX on 27 March 2015, unless extended or withdrawn.

### 1.6 Extension of Offer Period

The Bidder may, at its discretion, extend the Offer Period (subject to the Corporations Act). However, if at the end of the initial Offer Period, the Bidder has a clear indication of whether it will receive acceptances for 10% of Shares, it is unlikely to extend the Offer Period, but reserves its rights to do so.

The Offer Period will be automatically extended under section 624(2) of the Corporation Act if the Bidder's voting power in Cue increases to more than 50% in the last seven days of the Offer Period. The Offer Period will then end 14 days after the Bidder's voting power first increases to more than 50%.

### 1.7 Acquisitions prior to Offer Period

From the time trading in Shares commences on 12 February 2015, Bidder's Broker will stand in the market and offer to acquire on behalf of NZOG all Shares offered to it at the Offer Price, prior to the Offer Period.

### 1.8 Payment date

The usual rules for settlement of transactions which occur on market on the ASX will apply in respect of the Bidder's purchase of Shares pursuant to the Offer. This means that if you accept the Offer, you will be paid on a T+3 Basis.

## 1.9 No conditions

The Offer is not subject to any conditions.

## 1.10 Brokerage and other costs

As the Offer by the Bidder is pursuant to an on-market takeover bid, Offers will be made during normal trading on ASX. Accepting Shareholders may only accept the Offer through brokers who are members of ASX. Any brokerage fees charged by such brokers will be the sole responsibility of accepting Shareholders.

No stamp duty or goods and services tax (GST) will be payable by you on the transfer of Shares pursuant to the Offer (other than GST payable to your broker in respect of brokerage fees charged to you).

## 1.11 Withdrawal of Offer

The Bidder may withdraw the Offer in respect of any unaccepted Offers at any time:

- with the written consent of ASIC and subject to the conditions (if any) specified in such consent; or
- where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence, the Bidder's voting power in Cue is at or below 50%; or
- upon the occurrence of an Insolvency Event in relation to Cue (regardless of the Bidder's voting power in Cue).

Notice of withdrawal of the Offer must be given by the Bidder to the ASX.

## 1.12 Variation of Offer

The Bidder may vary the Offer in accordance with the Corporations Act. If a Shareholder has sold its Shares prior to any such announcement, that Shareholder will not receive any benefit from the variation.

## 1.13 Jurisdiction

The Offer and any contract that results from a Shareholder's acceptance of the Offer are governed by the laws of New South Wales.

## 2. How to accept the Offer

Shareholders may sell their Shares to the Bidder on market by offering to sell some or all of their Shares on ASX at the Offer Price on and from the Announcement Date until the end of the Offer Period.

The Bidder's Broker will stand in the market to acquire on behalf of the Bidder all Shares offered at the Offer Price during normal trading on ASX on and from the Announcement Date until the end of the Offer Period. You are not required to complete a form to accept the Offer.

**If you hold your Shares in an Issuer Sponsored Holding (your SRN starts with an "I"),** to sell your Shares to the Bidder you must instruct any broker, which may include Bell Potter Securities Limited (where Bell Potter Securities Limited is your existing broker or you appoint Bell Potter Securities Limited as your broker), to sell your Shares.

**If you hold your Shares in a CHESS Holding (your HIN starts with an "X"),** to sell your Shares to the Bidder you will need to instruct a broker to do so. The easiest method to sell your shares in a CHESS Holding is by instructing your sponsoring broker to do so. However, Shares in a CHESS Holding can also be sold through any other broker if you complete additional paperwork to move your sponsored Shares to that other broker.

# Part 2 – Statutory Information

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## 1. About the Bidder

### 1.1 Overview of the Bidder

The Bidder is a wholly owned subsidiary of New Zealand Oil & Gas. Presently, it conducts no business other than the holding of Shares in Cue and, as at the date of this Bidder's Statement, has no assets other than the Shares in Cue referred to in section 1.3 below.

### 1.2 Director

As at the date of this Bidder's Statement the sole Director of the Bidder is Mr Andrew Knight who is the Chief Executive and Managing Director of New Zealand Oil & Gas and whose biographical details are set out in section 2.2 below.

### 1.3 The Bidder's Relevant Interest and Voting Power in Cue

As at the date of this Bidder's Statement, the Bidder has a relevant interest in 139,554,132 Shares. The Bidder's voting power in Cue is 19.99% because of its relevant interest in those Shares.

### 1.4 Directors' Interests in Cue

No Bidder director has an interest in Shares.

### 1.5 The Bidder's intentions before commencement of the Offer Period

The Bidder intends to purchase Shares on ASX from the time the Offer is announced up to the commencement of the Offer Period. Any such Shares will be purchased at the Offer Price.

## 2. About New Zealand Oil & Gas

### 2.1 Overview of New Zealand Oil & Gas

New Zealand Oil & Gas is an oil and gas exploration and production company which has its primary focus on New Zealand's offshore basins, balanced with some modest international exposure to spread risk. The Kupe and Tui assets, off the west coast of the north island of New Zealand, are at the centre of its oil and gas production business, while a number of sites in Indonesia are in the survey or appraisal stage.

Founded in 1981, the company has a strong exploration portfolio and will continue to maintain a focus on efficient operation of its asset base to grow returns. New Zealand Oil & Gas will also seek to partner with large and experienced global operators as they look to explore New Zealand's offshore, deepwater reserves of oil and gas.

New Zealand Oil & Gas is the parent company of the Bidder.

### 2.2 Directors

As at the date of this Bidder's Statement the Directors of New Zealand Oil & Gas are:

**Mr Peter Griffiths**  
**Chairman**

Peter Griffiths joined the Board of New Zealand Oil & Gas in December 2009, having retired after 21 years with BP, the last 10 years of which he was Managing Director of BP New Zealand. Peter was previously involved in offshore oil and gas field operations in Australasia, Malaysia and the United Kingdom. He has served on the boards of New Zealand Refining Company Ltd, Liquigas Ltd and Bitumix Ltd. He is currently Chairman of Z Energy, deputy chair of the Civil Aviation Authority, and is on the Board of Northland Port Corporation, and New Zealand Diving and Salvage Ltd. He holds a BSc (Hons) from Victoria University in Wellington.

**Mr Andrew Knight**  
**Chief Executive and Managing Director**

Andrew Knight joined the Board of New Zealand Oil & Gas in January 2008. He is a Chartered Accountant and graduate of Waikato University with a BMS (Hons). Andrew had his own consultancy business and previously held executive management roles with Vector Limited and Natural Gas Corporation and worked in New Zealand and Australia with The Australian Gas Light Company, Fletcher Challenge Energy and Coopers & Lybrand. He is currently a director of Gas Industry Company Limited and Sea Group Holding Limited and deputy chair of Petroleum Exploration and Production Association of New Zealand.

**Mr Rodger J Finlay**  
**Independent Director**

Rodger Finlay joined the Board of New Zealand Oil & Gas in February 2012. Rodger has more than 30 years experience in the financial services industry including senior investment banking and funds management positions with a range of major institutions, specialising in the global natural resource sectors. Rodger has a Bachelor of Commerce (Accounting and Finance) from the University of Otago. He is a member of the NZ Institute of Chartered Accountants and the NZ Institute of Directors. He is currently Chairman of Mundane Asset Management, Deputy Chairman of Rural Equities Limited and a Director of Moeraki Limited.

**Rod Ritchie**  
**Independent Director**

Rod Ritchie is a petroleum engineer with 36 years of global experience as a line manager and a Health, Safety, Security and Environment executive in the oil and gas industry. Most recently, Rod was the Corporate Senior Vice President of Health Safety, Security and Environment at OMV Exploration & Production GmbH, based in Vienna Austria. During his oilfield career Rod has worked in Australia, New Zealand, North Sea, Austria, Romania, Indonesia, Middle East, Peru, and West Africa. Rod was also on the management committee of the Association of Oil and Gas producers. Rod is a graduate of the University of Tulsa (BSC Petroleum Engineering) and is a member of the Society of Petroleum Engineers.

**Mark Tume**  
**Independent Director**

Mark joined the Board of New Zealand Oil & Gas in February 2012. Over a 20-year career in infrastructure and finance, Mark has held a variety of senior roles in areas such as investment banking, capital markets, asset and liability management, and risk control. Mark is now a full time director and is also on the Boards of the New Zealand Refining Company, Infratil Limited, and the Guardians of New Zealand Superannuation. Mark holds a Bachelor of Business Studies and a Diploma in Banking Studies (Treasury Management) from Massey University and was awarded the Hunter Fellowship from Victoria University in 2008.

**Dr Rosalind Archer**  
**Independent Director**

Dr Rosalind Archer holds a PhD in Petroleum Engineering from Stanford University. She is a professor at the University of Auckland, and head of its Department of Engineering Science. Rosalind is also director of the University of Auckland Geothermal Institute. Rosalind runs a consulting practice as a reservoir engineer with clients locally and internationally. She regularly speaks on reservoir engineering topics at international conferences.

**Duncan Saville**  
**Non-independent Director**

Duncan Saville is a chartered accountant and CEO of ICM Limited, a Funds Management Group. He is an experienced non-executive Director. Duncan holds a BCom (Hons) degree from the University of Cape Town and a BSci (Hons) degree from the University of South Africa. Duncan is a Fellow of the Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors. Duncan holds principal directorships in Infratil Limited, where he is a founding Director; HRL Morrison & Co Limited; and ICM Limited. He is also a director of Zeta Energy Pte Ltd.

**2.3 New Zealand Oil & Gas's Relevant Interest and Voting Power in Cue**

As at the date of this Bidder's Statement, New Zealand Oil & Gas has a relevant interest in 139,554,132 Shares as it has Control of the Bidder.

New Zealand Oil & Gas's voting power in Cue is 19.99% because of its relevant interest in those Shares.

**2.4 Directors' Interests in Cue**

No New Zealand Oil & Gas director has an interest in Shares. However, Mr Duncan Saville is also a director of Zeta Energy Pte Ltd which, according to its *Notice of change of interests of substantial holder* dated 19 December 2014, has a relevant interest in 88,644,161 Shares.

**3. About Cue**

**3.1 Disclaimer**

The information in this section 3 concerning Cue and the Cue Group has been prepared on a review of publicly available information. That information has not been independently verified by the Bidder. Accordingly, subject to the Corporations Act, the Bidder does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

The information on Cue and the Cue Group in this Bidder's Statement should not be considered comprehensive.

Further information relating to Cue's business or Cue's securities may be included in the Target's Statement in relation to the Offer, which will be sent to you directly by Cue.

**3.2 Overview of Cue**

Cue is an oil and gas exploration and production company with a regional focus on SE Asia and Australasia. The company has petroleum assets in Indonesia, New Zealand and Australia.

Established in 1981, the company has continuously grown over recent years through a mix of acquisitions and discoveries resulting in its current portfolio.

Cue's stated objective is to develop a robust and substantial E & P company through maximising the value of existing assets and developing a balanced portfolio of exploration, development and production opportunities.

Further information concerning Cue can be found in the publicly available information referred to in section 3.3 below.

**3.3 Publicly available information**

Cue Shares are listed on ASX and Cue is obliged to comply with the continuous disclosure requirements of ASX and the Corporations Act.

The ASX website ([www.asx.com.au](http://www.asx.com.au)) and Cue's website ([www.cuenrg.com.au](http://www.cuenrg.com.au)) list announcements issued by Cue.

**3.4 Cue securities on issue**

According to documents lodged by Cue with ASX, as at the date of this Bidder's Statement, the total number of securities on issue in each class in Cue is as follows:

| Class of security | Number on issue |
|-------------------|-----------------|
| Ordinary Shares   | 698,119,720     |

## 4. How cash consideration will be provided

### 4.1 Consideration under the Offer

The consideration for the acquisition of the Shares to which the Offer relates will be satisfied by the payment by the Bidder of cash (in Australian dollars).

Based on the number of Shares on issue as at the date of this Bidder's Statement (see section 3.4), the maximum amount of cash that would be payable by the Bidder under the Offer if acceptances were received for all Shares in which the Bidder or its Associates do not already have a relevant interest is approximately A\$55,856,559 (**Maximum Cash Consideration**).

### 4.2 The Bidder's internal funding arrangements

New Zealand Oil & Gas, as sole shareholder of the Bidder, has irrevocably and unconditionally undertaken to the Bidder that it will provide such funds to the Bidder as are necessary to fund the total cash consideration required to satisfy the Bidder's obligations under the Offer, together with amounts required to cover all transaction costs.

These funds will be provided by New Zealand Oil & Gas and its wholly owned subsidiaries to the Bidder as loans or through subscriptions for shares in the Bidder.

New Zealand Oil & Gas and its wholly owned subsidiaries will make such amounts available to the Bidder for the period of the Offer, together with any period during which compulsory acquisition is proceeding and not yet complete.

### 4.3 New Zealand Oil & Gas's funding arrangements

New Zealand Oil & Gas, will provide the Bidder with the necessary funds to pay the consideration for the acquisition of Shares pursuant to the Offer or cause its wholly owned subsidiaries to do so.

New Zealand Oil & Gas and its wholly owned subsidiaries have existing cash reserves in excess of the maximum consideration payable pursuant to the Offer and New Zealand Oil & Gas intends to fund the Bidder's obligations under the Offer solely through these existing cash reserves – see section 4.4 below.

However, if the A\$/NZ\$ rate and the US\$/A\$ rate move sufficiently and result in insufficient cash reserves to fund all acceptances under the Offer, New Zealand Oil & Gas intends to fund any deficit from the working capital facility described in section 4.5 below.

### 4.4 Particulars of cash reserves

Prior to the date of this Bidder's Statement, New Zealand Oil & Gas and its wholly owned subsidiaries have transferred A\$10.0 million to the Bidder's Broker on account of future Offer acceptances. In addition, as at the day before the date of this Bidder's Statement, the NZOG Group has cash reserves available to fund the Offer exceeding NZ\$16.1 million and US\$25.4 million on deposit and at call. These cash reserves are not required to fund other liabilities of the NZOG Group during the Offer Period. In particular, the capital return (approximately NZ\$63.2 million) referred to in the New Zealand Oil & Gas notice of meeting dated 25 November 2014 is to be funded from other cash that the NZOG Group has on deposit<sup>1</sup>.

The cash reserves are currently held in the name of New Zealand Oil & Gas, or its wholly owned subsidiaries, at New Zealand branches of banks in New Zealand. As at the date of this Bidder's Statement, the cash reserves are held with the following banks, but New Zealand Oil & Gas and

<sup>1</sup> However, the amount held on account of the capital return will be available, prior to the payment date of the capital return (20 February 2015), to fund a deficit in the cash reserves available to fund the Offer prior to satisfaction of the condition precedent described in paragraph 4.5(g)(i) to availability of the working capital facility described in section 4.5 below.

its wholly owned subsidiaries reserve their rights to transfer amounts between the banks named and between one another and to convert amounts to NZ\$, US\$ or A\$ from time to time.

| Bank                            | NZ\$ cash reserves     | US\$ cash reserves      |
|---------------------------------|------------------------|-------------------------|
| ANZ Bank New Zealand Limited    | NZ\$3.2 million        | US\$18.4 million        |
| ASB Bank Limited                | NZ\$ –                 | US\$7.0 million         |
| Bank of New Zealand Limited     | NZ\$6.0 million        | US\$ -                  |
| Westpac New Zealand Limited     | NZ\$6.9 million        | US\$ -                  |
| <b>Total</b>                    | <b>NZ16.1 million</b>  | <b>US\$25.4 million</b> |
| <b>Total in A\$<sup>2</sup></b> | <b>A\$15.1 million</b> | <b>A\$32.7 million</b>  |

On the day before the date of this Bidder's Statement, the A\$/NZ\$ rate was 0.9372 and the US\$/A\$ rate was 0.7771<sup>2</sup>. Based on those rates, the cash reserves above are equivalent to approximately A\$47.8 million. Provided that the net movements in these rates in favour of the A\$ does not result in the A\$ proceeds of conversion falling by more than 4.1%, the cash reserves shown above, together with the A\$10.0 million held by the Bidder's Broker, will be sufficient to fund the Maximum Cash Consideration payable under the Offer.

#### 4.5 Particulars of working capital facility

In the event that the A\$/NZ\$ rate and the US\$/A\$ rate move materially in favour of the A\$ and the cash reserves described above are insufficient to fund all acceptances under the Offer, New Zealand Oil & Gas intends to fund any deficit (**Cash Reserve Deficit**) from the following working capital facility:

- (a) **Lender:** ANZ Bank New Zealand Limited;
- (b) **Borrower:** New Zealand Oil & Gas;
- (c) **Facility limit:** NZ\$20 million (wholly undrawn at the date of this Bidder's Statement);
- (d) **Facility type:** Multi-currency Revolving Credit Facility;
- (e) **Purpose:** To assist with general corporate and ongoing working capital requirements of the Borrower;
- (f) **Availability period:** Subject to satisfaction of conditions precedent, the facility is presently available for drawing and will remain available for drawing throughout the Offer Period;
- (g) **Conditions precedent:** The availability of drawings under the Facility is subject to a number of conditions precedent, including:
  - (i) most of the wholly owned, New Zealand incorporated subsidiaries of New Zealand Oil & Gas executing guarantor accession letters and thereby granting guarantees and indemnities in favour of the Lender in respect of all obligations under the Facility;
  - (ii) the receipt of a duly completed drawdown notice from the Borrower;
  - (iii) no event of default, potential event of default or event of review having occurred or continuing;

<sup>2</sup> Exchange rates published by ANZ Bank New Zealand Limited as at 8.10am (New Zealand time), 11 February 2015 on <http://www.anz.co.nz/ratefee/forexchange>.

- (iv) no event or occurrence having occurred which has or could reasonably be expected to have a material adverse effect on the NZOG Group; and
- (v) other conditions precedent which are usual or customary for this type of facility.

New Zealand Oil & Gas is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that each of the conditions precedent to availability of drawings under the Facility will be able to be satisfied before 20 February 2015, the payment date of the capital return, and hence that the Facility will be available to fund any Cash Reserve Deficit at any time that the funds held for the purpose of paying the capital return are no longer available to fund the Cash Reserve Deficit.

#### **4.6 Bidder's opinion as to its ability to pay consideration under the Offer**

The Bidder is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of Shares under the Offer.

## **5. Intentions for the business, assets and employees of Cue**

### **5.1 Introduction**

This section 5 sets out the rationale for the Offer and the Bidder's and New Zealand Oil & Gas's intentions in relation to:

- the continuation of the businesses of Cue;
- any major changes to be made to the businesses of Cue, including any redeployment of the fixed assets of Cue; and
- the future employment of the present employees of Cue.

The statements of intention contained in this section 5 are based on information concerning Cue and its businesses that is known to the Bidder and New Zealand Oil & Gas as at the date of this Bidder's Statement, from publicly available information.

It is important to recognise that the statements set out in this section 5 are statements of present intentions only, which may change as new information becomes available or circumstances change.

### **5.2 Rationale for the Offer**

Cue has assets in Indonesia and New Zealand, as does the NZOG Group. Cue's major asset, a 5 per cent interest in the Maari oil field in New Zealand, which the NZOG Group views as a quality asset, fits the NZOG Group's portfolio well. By acquiring an interest in Cue (and therefore an indirect interest in that asset and the Cue assets in Indonesia), the NZOG Group reduces its overall portfolio risk, particularly in the current oil price environment, by increasing the overall proportion of producing assets to exploration assets.

The Bidder acquired a 19.99% interest in the Shares of Cue from Todd on 19 December 2014 at A\$0.10 per Share. By making this Offer, the Bidder seeks to increase its shareholding in Cue to a level where it can better influence the future direction of Cue and encourage Cue to seek value for all Shareholders.

The Offer extends to all Shares, but the Bidder will be comfortable if it can acquire at least a further 10% of Shares under the Offer. If at the end of the initial Offer Period, the Bidder has a clear indication of whether it will receive acceptances for 10% of Shares, it is unlikely to extend the Offer Period, but it reserves its right to do so.

### **5.3 Intentions upon acquisition of less than 50% of all Shares**

This section sets out the Bidder's present intentions if the Bidder acquires less than 50% of all Shares. Given the Bidder's rationale for the Offer (as described in section 5.2 above), the Bidder's Board has focused on this scenario as a likely outcome of its Offer.



If the Bidder acquires less than 50% of all Shares by way of this Offer, its present intentions, subject to the Corporations Act and the cooperation of other shareholders or Cue Directors who have not been appointed by the Bidder (which is uncertain) are:

(a) **Board composition**

The Bidder intends to seek the appointment of Bidder nominees to the Cue Board in such a proportion as at least equates to the Bidder's proportionate shareholding in Cue. The Bidder has not yet determined the identity of its nominees to the Cue Board.

(b) **ASX listing**

The Bidder intends to maintain Cue as a company with official quotation on ASX to the extent permitted by the ASX Listing Rules. However, ASX may itself decide to remove Cue from the official list depending upon factors such as the spread of Shareholders at that time, the level of liquidity in Shares, and the listing requirements of ASX.

(c) **Dividend policy**

The payment of dividends by Cue will be at the discretion of the Cue Board, which may or may not comprise a majority of the Bidder nominees.

Cue has not recently declared or distributed dividends. The Bidder has no present intention to cause the dividend policy of Cue to be changed.

(d) **Strategic review**

As at the date of this Bidder's Statement, the Bidder's primary interest in Cue is in Cue's production and development interests in the Maari and Manaia fields in the Taranaki Basin which are off New Zealand.

The Bidder intends for Cue to undertake a review of its corporate structure, governance, assets, businesses, personnel and operations with a view to identifying potential areas where Cue's business can be enhanced.

The Bidder anticipates that this review may identify some of Cue's assets that may be considered for divestment in the short to medium term. However, it should be noted that, given the limited information available to the Bidder at this time, no decision has been made as to such matters.

(e) **Cooperation between the Bidder and Cue**

The Bidder intends to capitalise on any opportunities identified in the strategic review of Cue (or otherwise) which provide value to Shareholders. This may include initiating cooperation between the companies to reduce costs and realise potential synergies across their head offices and exploration and development assets.

(f) **Further acquisition of Shares**

The Bidder may, at some later time, acquire further Shares in any manner permitted by the Corporations Act.

(g) **Compulsory acquisition at a later time**

If the Bidder becomes entitled at some later time to exercise any compulsory acquisition rights under the Corporations Act, it may exercise those rights.

## 5.4 Intentions upon acquisition of 50% or more but less than 90% of all Shares

This section sets out the Bidder's present intentions if the Bidder acquires 50% or more but less than 90% of all Shares.

If the Bidder acquires 50% or more but less than 90% of all Shares, its present intentions are largely the same as set out in section 5.3 above, but, as the Bidder would then control Cue, it will be able, subject to the Corporations Act, to give effect to its intentions without the cooperation of other shareholders or Cue Directors who have not been appointed by the Bidder. However:

- **ASX listing**

Depending on the final level of the Bidder's shareholding, the Bidder may review whether Cue's continued listing on ASX constitutes value-for-money and may, depending on the outcome of that review, decide to cause Cue to request its removal from ASX's official list.

## **5.5 Intentions upon acquisition of 90% or more of the Shares**

This section sets out the Bidder's present intentions if the Bidder acquires 90% or more of all Shares and is entitled to proceed to compulsory acquisition of the outstanding Shares.

If the Bidder acquires 90% or more of the Shares, the Bidder intends to implement the steps outlined in sections 5.3 and 5.4 above subject to the following:

### **(a) Compulsory acquisition**

If it becomes entitled to do so under the Corporations Act, the Bidder intends to give notices to compulsorily acquire any outstanding Shares in accordance with section 661B of the Corporations Act.

If it is required to do so under section 662A of the Corporations Act, the Bidder intends to give notices to Shareholders offering to acquire their Shares in accordance with section 662B of the Corporations Act.

### **(b) Board composition and ASX listing**

The Bidder will replace all members of the board of Cue, any of its subsidiaries and of any company in respect of which Cue has nominee directors with its own nominees, which may include current Cue Directors.

The Bidder will procure that Cue applies to be removed from the official list of the ASX at the appropriate time.

## **5.6 Intentions of New Zealand Oil & Gas**

New Zealand Oil & Gas's present intention in respect of Cue, is to cause the Bidder to undertake the steps outlined in sections 5.3 to 5.5.

## **5.7 Other intentions**

Other than as set out in this section 5, it is the present intention of the Bidder and New Zealand Oil & Gas:

- to continue the business of Cue;
- not to make any major changes to the business of Cue, nor to redeploy any of the fixed assets of Cue; and
- to continue the employment of Cue's present employees.

## **5.8 Limitations on intentions**

The intentions set out in this section 5 must be read as being subject to:

- the law (including the Corporations Act) and the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to 'related party' transactions given that, if the Bidder obtains control of Cue but does not acquire all of the Shares, it will be treated as related parties of Cue for these purposes;
- the legal obligations of the directors and officers of Cue, including to act honestly and in the best interests of Shareholders; and
- the outcome of the reviews referred to in sections 5.3 and 5.4.

# **6. Australian tax considerations**

## **6.1 Introduction**

The following is a general description of the principal Australian tax consequences for the registered holders of Shares upon the disposal of their shareholding to the Bidder.

The following description is intended as a general guide to the Australian tax considerations and is based upon the law in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every registered holder of Shares, and is not intended to be advice and should not be relied on as such. In particular, the registered holders of Shares should be aware that the levels and bases of taxation can change and that where reference is made to tax concessions, this is to tax concessions as currently applying. It is recommended that registered holders seek independent professional advice in relation to their own particular circumstances.

Any persons who may be subject to tax in any jurisdiction outside Australia should obtain independent professional advice on their particular circumstances.

The Australian tax implications outlined below are relevant to registered holders who hold their Shares as capital assets for the purposes of investment and who do not hold their Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account. This section in particular does not address in detail the tax considerations applicable to persons holding options, or registered holders that may be subject to special rules, such as banks, insurance companies, tax exempt organisations, trusts, superannuation funds, dealers in securities or registered holders who change their tax residence while holding Shares. It also does not consider the Australian tax considerations for registered shareholders who are non-residents for Australian tax purposes and who hold their Shares as an asset of a permanent establishment in Australia.

## **6.2 Capital gains tax (CGT) implications**

### **CGT event**

For CGT purposes, a 'CGT event' will occur when you dispose of your Shares to the Bidder. Generally, your disposal should take place on the date that you accept the Offer. However, if you do not accept the Offer and your Shares are compulsorily acquired your disposal should take place on the date the Bidder becomes the owner of your Shares.

### **Determining your capital gain or loss**

Any capital gain or loss from the CGT event will be determined by comparing the total consideration that you receive for your Shares with the CGT cost base or reduced cost base of your Shares.

The cost base or reduced cost base of your Shares should broadly equal the money you paid or were required to pay to acquire your Shares plus any non-deductible incidental costs incurred in acquiring and disposing of the Shares.

You will make a capital gain from the disposal of your Shares to the Bidder if the consideration that you received exceeds the cost base of your Shares.

Conversely, you will make a capital loss if the reduced cost base of your Shares exceeds the consideration that you received.

The tax treatment of your capital gain or capital loss arising from the disposal of your Shares depends on whether or not you are an Australian resident for taxation purposes and whether you hold your Shares as an individual, trustee of a trust, complying superannuation fund or company.

#### **(a) Australian residents**

You may be entitled to the CGT discount if:

- (i) you are an Australian resident individual, trust or complying superannuation fund;
- (ii) you have held your Shares for at least 12 months; and
- (iii) you make a capital gain from the disposal of your Shares.

The CGT discount will result in:

- (i) your capital gain being reduced by 50%, if you are an individual or a trust; or

- (ii) your capital gain being reduced by 33 $\frac{1}{3}$  %, if you are a complying superannuation fund.

No CGT discount is available for companies.

If you make a capital gain from the disposal of your Shares, that capital gain will be combined with any other capital gains you have made for the income year, then the total will be applied against any capital losses you have made in the current year or are entitled to offset from prior years (before taking into account the CGT discount, if applicable). Any resulting net capital gain will be included in your assessable income for the income year. Any resulting net capital loss will be carried forward and may be applied against any future assessable capital gains (before taking into account the CGT discount, if applicable) if loss carry forward requirements are met.

If you make a capital loss from the disposal of your Shares, that capital loss may only be offset against your assessable capital gains (before taking into account the CGT discount, if applicable) for the current income year. Any excess capital loss will be carried forward and may be applied against your future assessable capital gains (before taking into account the CGT discount, if applicable) if loss carry forward requirements are met.

(b) **Non-Australian residents**

The disposal of your Shares can be subject to Australian CGT.

However, on the basis that not more than 50% of the value of Cue is attributable to 'taxable Australian property' (i.e. real property in Australia, or mining, quarrying or prospecting rights, where the minerals, petroleum or quarrying rights are in Australia), any capital gain or loss made in respect of the disposal of the Shares should be disregarded.

If you are a non-Australian tax resident, it is recommended that you obtain your own independent professional advice as to the Australian tax consequences arising from the disposal of your Shares.

### **6.3 Australian stamp duty and the goods and services tax (GST)**

No Australian stamp duty or GST is payable by you on the sale of your Shares to the Bidder pursuant to the Offer.

You may be charged GST on incidental costs (for example, brokerage or advisory fees) incurred in acquiring and disposing of your Shares. You may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent professional advice in relation to your own particular circumstances.

## **7. Additional information**

### **7.1 Consideration provided for Shares during previous four months**

During the period beginning four months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither the Bidder nor any of its Associates has provided or agreed to provide consideration for a Share except pursuant to the off-market purchase described in section 5.2.

### **7.2 No inducing benefits given, offered or agreed during previous four months**

During the four months before the date of this Bidder's Statement, neither the Bidder nor any of its Associates gave, offered to give or agreed to give a benefit to another person that induced, or was likely to induce, the other person or an associate to:

- (a) accept the Offer; or
- (b) dispose of Shares,

that was not offered to all holders of securities in the bid class, other than as described in section 5.2.

### 7.3 New Zealand Stock Exchange waiver

New Zealand Oil & Gas is listed on the ASX and New Zealand Stock Exchange (NZX). NZX Regulation has granted New Zealand Oil and Gas a waiver from the requirement in NZX Main Board Listing Rule 9.2.1 to obtain shareholder approval for the Offer. Broadly, this rule regulates material transactions involving an issuer where a related party to the issuer may gain favourable consideration due to its relationship with the issuer.

Zeta Energy Pte Limited has a relevant interest in 19.87% of New Zealand Oil & Gas' ordinary shares and for the purposes of the NZX Main Board Listing Rules, is a related party of New Zealand Oil & Gas. Zeta Energy Pte Limited also has a relevant interest in 12.70% of Cue's shares<sup>3</sup>. New Zealand Oil & Gas and Zeta Energy Pte Limited have a common director, Mr Duncan Saville.

NZX Regulation granted the waiver on the condition that New Zealand Oil & Gas' directors (other than Mr Duncan Saville) certify that they are not interested (within the meaning of section 139 of the *Companies Act 1993* (NZ)) in the Offer; the Offer is in the best interests of New Zealand Oil & Gas and its shareholders who are not related to, or associated persons of Zeta Energy Pte Limited and Mr Duncan Saville; New Zealand Oil & Gas will pay and receive fair value under the Offer; New Zealand Oil & Gas was not influenced in its decision to make the Offer by the interests of Zeta Energy Pte Limited or Mr Saville; Mr Saville did not participate in discussions in respect of the board of New Zealand Oil & Gas's decision to proceed with the Offer, and he did not vote on any resolution to approve the Offer; and the Offer will be offered to all shareholders in Cue on identical terms.

### 7.4 Consents

This Bidder's Statement contains statements made by, or statements based on, statements made by New Zealand Oil & Gas. New Zealand Oil & Gas has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn their consent to the inclusion of:

- (a) references to its name;
- (b) each statement it has made; and
- (c) each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than any statement which has been included in this Bidder's Statement with the consent of New Zealand Oil & Gas.

This Bidder's Statement also refers to Bell Potter Securities Limited as the Bidder's Broker. Bell Potter Securities Limited is named solely for information purposes and consents to being named in this Bidder's Statement in the form and context in which its name appears and has not withdrawn its consent to be named at the date of this Bidder's Statement, however:

- (a) has not caused or authorised the issue of the Bidder's Statement;
- (b) does not make nor purport to make any statement in the Bidder's Statement or any statement on which a statement in the Bidder's Statement is based; and
- (c) to the maximum extent permitted by law, disclaims all liability in respect of, and takes no responsibility for, any part of this Bidder's Statement.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of ASX by Cue and others. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these documents, please contact the offer information line on +64 4 495 2423 from Monday to Friday

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<sup>3</sup> See Zeta Energy Pte Ltd's *Notice of change of interests of substantial holder* dated 19 December 2014.

between 7.00am and 3.00pm (Sydney, Australia time) and you will be sent copies free of charge. Information may also be obtained from Cue's website at [www.cuenrg.com.au](http://www.cuenrg.com.au).

## **7.5 Information**

Except for the information contained in this Bidder's Statement and in Cue's releases to ASX prior to the date of this Bidder's Statement, there is no information known to the Bidder which:

- (a) is material to the making of a decision by a holder of Shares whether to accept the Offer;  
and
- (b) has not been previously disclosed to the holders of Shares.

# Part 3 - Defined terms and interpretation

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## 1. Defined terms

In this Bidder's Statement:

**Announcement** means the announcement of the Bidder's intention to make the Offer in the form of Annexure A made to ASX by the Bidder's Broker on behalf of the Bidder.

**Announcement Date** means 12 February 2015, being the date of the Announcement.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to it in section 12 of the Corporations Act.

**ASX** means ASX Limited ACN 008 624 691, or the financial market conducted by it as the context requires.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia.

**ASX Settlement Operating Rules** means the settlement and operating rules of ASX Settlement.

**Bidder** means NZOG Offshore Limited, a company registered in New Zealand with company number 1897963 which is a wholly owned subsidiary of New Zealand Oil & Gas.

**Bidder's Broker** means Bell Potter Securities Limited ABN 25 006 390 772.

**Bidder's Statement** means this bidder's statement given by the Bidder under Part 6.5 of the Corporations Act.

**Business Day** means a day on which banks are open for business in Sydney, Australia but not a Saturday, Sunday or public holiday.

**CGT** means capital gains tax.

**CHESS** means the Clearing House Electronic Subregister System established and operated by ASX Settlement.

**CHESS Holding** means a holding of Shares on the CHESS Subregister of Cue (usually a CHESS holding will be through a Controlling Participant).

**Control** has the meaning given under section 50AA of the Corporations Act. **Controlled** has the same meaning.

**Controlling Participant** means, in relation to Shares in a CHESS Holding, the Participant with whom the holder has a sponsorship agreement as defined in the ASX Settlement Operating Rules (usually, your broker).

**Corporations Act** means the *Corporations Act 2001* (Cth) (including any exemption or modification of the Act granted by ASIC).

**Cue** means Cue Energy Resources Limited ABN 45 066 383 971.

**Cue Board** means the board of directors of Cue.

**Cue Directors** means the directors of Cue.

**Cue Group** means Cue and its Related Entities.

**Insolvency Event** means any of the events set out in section 652C(2) of the Corporations Act.

**Issuer Sponsored Holding** has the meaning given to that term in the ASX Settlement Operating Rules.

**Listing Rules** means the official listing rules of ASX.

**New Zealand Oil & Gas** means New Zealand Oil & Gas Limited ARBN 003 064 962, a company registered in New Zealand with company number 37842.

**NZOG Group** means New Zealand Oil & Gas and each of its Related Entities.

**Offer** means the offer to acquire Shares under the terms and conditions contained in this Bidder's Statement, as varied in accordance with the Corporations Act.

**Offer Period** means the period commencing on 27 February 2015 and ending on 27 March 2015, or such later date to which the Offer has been extended.

**Offer Price** means A\$0.10 per Share.

**Participant** has the meaning given to that term in the ASX Settlement Operating Rules.

**Prescribed Occurrence** means any of the events set out in section 652C(1) of the Corporations Act.

**Related Entity** means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

**Shares** means fully paid ordinary shares in the capital of Cue.

**Shareholders** means a holder of Shares.

**Target's Statement** means the target's statement in response to the Offers given by Target under Part 6.5 of Chapter 6 of the Corporations Act.

**Todd** means Todd Petroleum Mining Company Limited.

## 2. Interpretation

In this Bidder's Statement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (d) a reference in Part 1 of this Bidder's Statement to a section, paragraph or part is to a section, paragraph or part in Part 1 of this Bidder's Statement;
- (e) a reference in Part 2 of this Bidder's Statement to a section, paragraph or part is to a section, paragraph or part of Part 2 of this Bidder's Statement;
- (f) a reference in this Bidder's Statement to an annexure is to an annexure of this Bidder's Statement, and a reference to this Bidder's Statement includes its annexures;
- (g) a reference to \$, A\$, dollars, or cents or ¢ is to Australian currency;
- (h) a reference to NZ\$ is to New Zealand currency;
- (i) a reference to time is to time in Sydney, New South Wales, Australia;
- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and
- (k) a word or phrase defined in the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules has the meaning given to it in that Act or those rules.

## 3. Headings

Headings are for ease of reference only and do not affect interpretation.



# Signing page

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DATED

Signed on behalf of the Bidder according to a resolution of the sole director of the Bidder dated  
11 February 2015

A handwritten signature in blue ink, appearing to be 'A. Knight', written over a horizontal line.

Andrew Knight

Sole Director

# Annexure A - Announcement<sup>4</sup>

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ASX Market Announcements Office  
20 Bridge Street  
Sydney, New South Wales, 2000

## **For Immediate Release to the Market**

### **On-market takeover bid by NZOG Offshore Limited for Cue Energy Resources Limited ABN 45 066 383 971.**

#### **Unconditional cash Offer**

Bell Potter Securities Limited ABN 25 006 390 772 (**Bell Potter**) announces that it will, on behalf of NZOG Offshore Limited (**Bidder**), during the Offer Period (as defined below), offer pursuant to section 635 of the *Corporations Act 2001* (**Corporations Act**) to acquire on market all of the fully paid ordinary shares in Cue Energy Resources Limited (**Cue**) that exist or will exist during the Offer Period (as defined below) and are not already owned by the Bidder (**Cue Shares**) (**Offer**).

The Offer will be made at a price of A\$0.10 per Cue Share (**Offer Price**).

The Offer is unconditional and payment of the Offer Price will be by way of cash.

#### **Offer Period**

In accordance with the Corporations Act, the Offer will formally be made during the period commencing on 27 February 2015 and ending at the end of trading (approximately 4.12pm, Sydney time) on 27 March 2015 (**Offer Period**). The Offer Period may be extended by the Bidder in accordance with the Corporations Act.

#### **Acquisitions from announcement of unconditional cash Offer**

Bell Potter will stand in the market on behalf of the Bidder and accept all Cue Shares offered to it at the Offer Price from the time and date of this announcement to the end of the Offer Period (unless the Offers are withdrawn in accordance with the Corporations Act). Consequently, the Bidder may acquire Cue Shares prior to the formal commencement of the Offer Period.

#### **Payment for Cue Shares**

As the Offer will be an on-market offer, accepting Cue Shareholders may only accept the Offer through brokers who are members of ASX.

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<sup>4</sup> As announced by Bell Potter Securities Limited on the ASX platform on 12 February 2015.

Payment for Cue Shares will be made on a T + 3 basis in accordance with the usual rules for settlement of transactions which occur on market through ASX.

Any brokerage charged by brokers acting for holders of Cue Shares will be the sole responsibility of the Cue Shareholders. The Bidder will bear its own costs and expenses including any brokerage on acquisition of Cue Shares on market.

### **Bidder's Statement**

In accordance with section 635 of the Corporations Act, a Bidder's Statement will today be served on Cue. Copies of the Bidder's Statement will also be sent to ASX and lodged with ASIC. A copy of the Bidder's Statement will also be sent to the holders of Cue Shares before commencement of the Offer Period.

### **Variation of Offer Price**

The Bidder has indicated in its Bidder's Statement that it will not increase the Offer Price for each Share above A\$0.10 per Share during the Offer Period in the absence of a competing proposal. However, to the extent that the Offer Price is to be increased, the Offer Price may be increased in accordance with the Corporations Act.

### **Withdrawal of Offers**

The Bidder reserves the right to withdraw unaccepted Offers in the limited circumstances permitted by, and in accordance, with Part 6.7 of the Corporations Act, at any time before the end of the Offer Period.

### **Acquisitions before Offer Period**

From the time and date of this announcement until the end of trading (approximately 4.12pm, Sydney time) on the trading day before the commencement of the Offer Period, the Bidder will accept at the Offer Price all Cue Shares offered to it (up to a maximum of 558,565,588 Cue Shares, being all of the Cue Shares not already owned by the Bidder).

### **Cue Shares**

Immediately prior to the making of this announcement:

- as far as the Bidder is aware, there are 698,119,720 Cue Shares on issue;
- the Bidder has a relevant interest in 139,554,132 Cue Shares; and
- the Bidder has voting power in Cue of approximately 19.99%

Signed for and on behalf of Bell Potter Securities Limited

Alastair Provan  
Managing Director

