

# **SECOND SUPPLEMENTARY BIDDER'S STATEMENT**

**16 MARCH 2015**

**IN RESPECT OF THE 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 the ordinary shares in**

**CUE ENERGY RESOURCES LIMITED ABN 45 066 383 971**

**for A\$0.10 cash per share**

---

**This is the second supplementary bidder's statement dated [16] March 2015 ('Second Supplement') issued by NZOG Offshore Limited in relation to its on-market Offer for all the ordinary shares in Cue Energy Resources Limited ("Cue"). This Second Supplement supplements, and is to be read together with, the Bidder's Statement dated 12 February 2015 ('Bidder's Statement') and the First Supplementary Bidder's Statement dated 12 March 2015 ('Previous Supplement').**

**Unless the context requires otherwise, defined terms in the Bidder's Statement as amended by the Previous Supplement have the same meaning in this Second Supplement. This Second Supplement prevails to the extent of any inconsistency with the Bidder's Statement or the Previous Supplement.**

**A copy of this Second Supplement was lodged with ASIC on [16] March 2015. Neither ASIC nor its officers takes any responsibility for the contents of this First Supplement.**

---

# Supplementary information

---

The following supplementary information is added to the Bidder's Statement as amended by the Previous Supplement.

## 1. **Cue has not made a case that anybody should pay more than A\$0.10 cash per Cue Share.**

As a reaction to the Bidder's First Supplementary Bidder's Statement, Cue has released its Second Supplementary Target's Statement dated 13 March 2015 which attaches a letter of the same date from Cue's independent expert, Grant Samuel, responding to the First Supplementary Bidder's Statement.

Following the release of the Second Supplementary Target's Statement, the Bidder believes certain facts remain clear:

- Section 5.6 of the Independent Expert Report identifies that Cue incurs on average corporate overhead costs of c. \$6.5 million dollars per year<sup>1</sup>;
- the NPV of Cue's annual corporate overhead costs has been calculated by the Bidder as being in the range A\$61 million to A\$58 million<sup>2</sup>;
- it follows that the appropriate low value of equity for Cue Shares should be 3.6 cents per Share<sup>2</sup>. Taking Grant Samuel's high value of equity at face value, this would mean that **the full value of equity range for Cue shares would be 3.6 cents to 15.2 cents per share<sup>2</sup>**;
- it is true that the Bidder will try to enhance Cue's business by reducing excessive annual corporate overhead costs, but **the Cue Board should already have done so**;
- the Bidder maintains that the value of Cue shares for shareholders to consider in deciding whether to accept the Offer must be the expected value of Cue shares if they remain a Cue shareholder;
- if you remain a Cue shareholder, and the Bidder is unable to enhance Cue's business (see section 5.3(d) of the Bidder's Statement) by reducing annual corporate overhead costs, **the fair value of your Shares is only 3.6 to 7.2 cents per Cue Share<sup>2</sup>. It is worth noting that neither Cue nor its independent expert has claimed that the Bidder's calculations are incorrect in this regard**;
- nothing that Cue or its independent expert have said has made a case that anybody should pay more than A\$0.10 cash per Cue Share; and
- Cue shareholders are better off with 10 cents cash per Share than with Cue Shares under current management arrangements.

Cue has also tried to dismiss the **sale by Todd of more than 27 per cent of Cue Shares** to the Bidder at 10 cents per share as a sale by 'a motivated seller'<sup>3</sup>. In the Bidder's opinion, Todd is a sophisticated investor that was motivated to accept the Bidder's Offer as the best price reasonably obtainable by it.

---

<sup>1</sup> Grant Samuel Report, Section 5.6 "Corporate Costs/Head Office Costs", 28 February 2015, page 41.

<sup>2</sup> First Supplementary Bidder's Statement dated 12 March 2015, Section 1a.

<sup>3</sup> Second Supplementary Target's Statement dated 13 March 2015, Section 2.

**As noted in the First Supplementary Bidder's Statement:**

**Bidder's Offer of A\$0.10 per share is both fair and reasonable and shareholders should **ACCEPT** the Offer.**

**2. Consents**

This Supplementary 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 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).

## Signature

---

DATED 16 March 2015

Signed on behalf of the Bidder according to a resolution of the director of the Bidder dated 16 March 2015.



Andrew Knight  
Sole Director