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24 January 2017

PAGES (including this page): 14

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

Quarterly Report for Period Ended 31 December 2016

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

Yours faithfully

Andrew M Knox
Chief Financial Officer

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

THE COMPANY HAS:

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

CUE ENERGY DIRECTORS

- Grant Worner (Executive Chairman)
- Koh Ban Heng
- Duncan Saville

CUE ENERGY MANAGEMENT

- Andrew Knox (CFO)

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LISTINGS

ASX: CUE
ADR/OTC: CUEYY

SUMMARY OF ACTIVITIES

Highlights

During the quarter Cue continued the implementation of the strategy announced in June. The Company sold its loss making US operations, farmed out WA-409-P in the North West Shelf to BP, increased its cash balance, and announced further reductions in overheads and administration expenses.

Sustainable Business

- The Company has no debt and the cash balance increased by more than a million dollars to \$22.9 million at the end of the quarter, which is retained principally in US\$.
- Total net production in the quarter was 133,832 barrels of oil equivalent (boe) comprising of 38,790 barrels (bbls) of oil and 570 million cubic feet (mmcf) of gas.
- Revenue receipts from hydrocarbon production for the quarter were \$9.0 million on sales of 50,354 bbls of oil at an average price of US\$48 per barrel and 616mmcf of gas at an average price of \$9.27 per thousand cubic feet (Mcf).
- **Indonesia:** Oyong and Wortel fields (Sampang PSC) continue favourable production, with total combined average gross rates of 882 barrels of oil per day (bopd) and 63 mmcf per day during the quarter.
- **New Zealand:** Maari (PMP 38160) gross field production averaged 9,606 bopd during the quarter. The Maari field was shut-in from the 24 November 2016 until 12 January 2017 to repair a crack in the Well Head Platform and to perform planned maintenance.
- Cue is implementing ongoing structural changes to reduce administration costs.

Disciplined Growth

- **Indonesia:** The Sampang Joint Venture has initiated the Sampang Sustainability Project (SSP) to convert to gas only production and extend the life of the Oyong and Wortel fields by at least 2 years to 2020 or beyond.
- **New Zealand:** Cue has withdrawn from its exploration permits in New Zealand.
- **USA:** Cue divested its interest in the Pine Mills Field during the quarter.

Step Change Opportunities

- **Australia:** Cue received approval to transfer 80% equity and Operatorship of WA-409-P to BP. BP will fund the work program required under the permit for the next 3 years.
- **Australia:** Discussions are continuing with major international companies to attract a partner for WA-359-P and join BP and Cue in drilling a well in 2018 to test the Ironbark prospect.

Production & Financial Summary

KEY PERFORMANCE METRICS		Dec Quarter Q2 FY17	Sep Quarter Q1 FY17	Change %
Oil Production (net to Cue)	bbl	38,790	65,694	(41)
Gas Production (net to Cue)	mmcf	570	666	(14)
Oil Liftings (net to Cue receipts)	bbl	50,354	83,136	(39)
Gas Liftings (net to Cue receipts)	mmcf	616	558	10
Total Revenue Receipts	\$m	8.99	9.94	(10)
Production Expenditure	\$m	3.87	4.11	(6)
Closing Cash Position	\$m	22.92	21.54	6

PRODUCTION - NEW ZEALAND

PMP 38160

Cue Interest: 5%

Operator: OMV New Zealand Limited

Maari and Manaia Fields

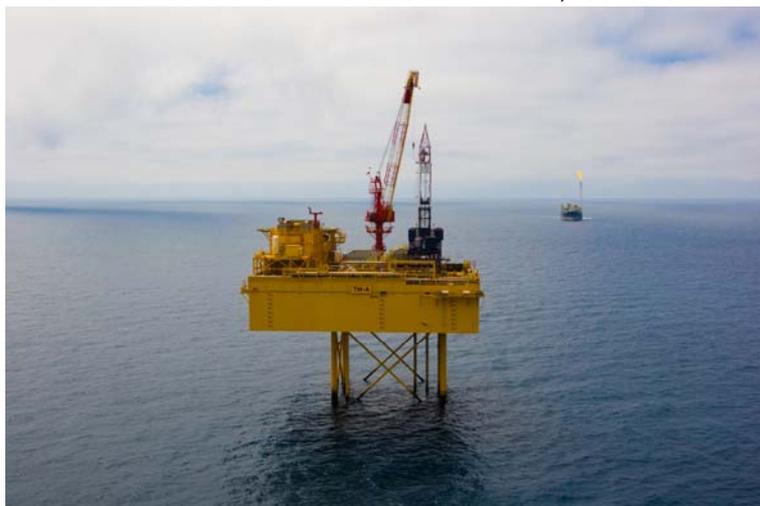
Cue's net share of oil sales in the quarter from the Maari and Manaia fields was 44,238 bbls which generated \$2.94 million in revenue received.

The average oil production rate in the quarter was approximately 9,606 gross bopd (Cue net: 480 bopd).

Maari field production was shut-in as a precautionary measure on the 24 November 2016 when a crack was found in one of the platform's horizontal struts during a scheduled inspection.

During the shut-in clamps were installed as an intermediate repair solution to allow the field to continue while a permanent solution is selected. A permanent repair will likely be completed by mid 2017. Scheduled maintenance work was also conducted during the shut in period, including the repair of the water injection flowline.

Production from the Maari field resumed on the 12 January 2017 at a gross rate of 9,500 bopd.



PRODUCTION - INDONESIA

Sampang PSC- Madura Strait

Cue Interest: 15%

Operator: Santos (Sampang) Pty Ltd

The gross combined average production from Oyong and Wortel for the quarter was 882 bopd and 63 mmcf/d.

The Sampang JV is progressing with the Sampang Sustainability Project (SSP) to convert to gas only production and extend the life of the Oyong and Wortel fields by at least 2 years to 2020 or beyond.

During this year, the Joint Venture is expected to make decisions about the remaining exploration opportunities in the Sampang PSC including the potential drilling of the Paus Prospect in 2018.

Oyong Field

During the quarter Cue's share of gas sales receipts was \$2.22 million from the sale of 236 mmcf.

There were no oil sales receipts from Oyong during the quarter and Cue's share of condensate sales receipts was \$494 from the sale of 15 barrels.

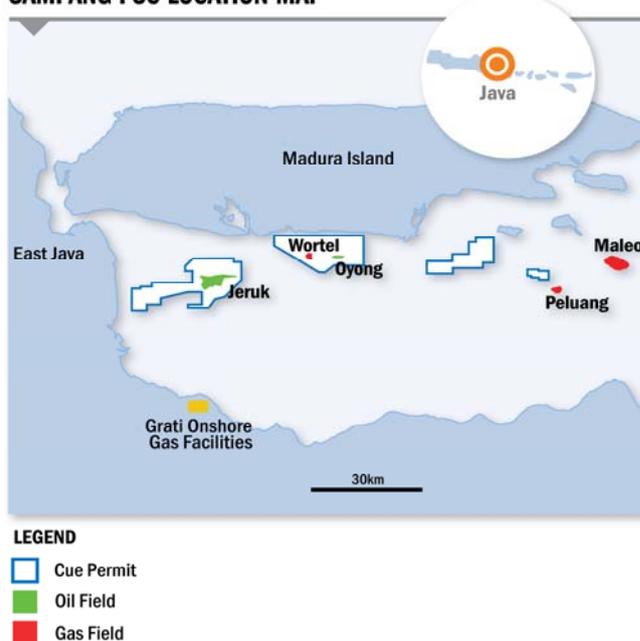
The Oyong average oil production rate for the quarter was 882 bopd (gross) and the daily gas average rate was 26.5 mmcf/day (gross) (Cue net: 113 bopd and 2.4 mmcf/d - both net of government take under the PSC).

Wortel Field

During the quarter Cue's share of gas sales receipts was \$3.49 million from the sale of 380 mmcf. Cue's share of condensate sales from the Wortel field was 21 bbls which generated \$731 in revenue.

Wortel-3 and Wortel-4 flowed gas at a combined average daily rate of 37 mmcf/d (gross) during the quarter (Cue net 3.8 mmcf/d net of government take under the PSC.)

SAMPANG PSC LOCATION MAP



PRODUCTION - USA

Pine Mills – East Texas

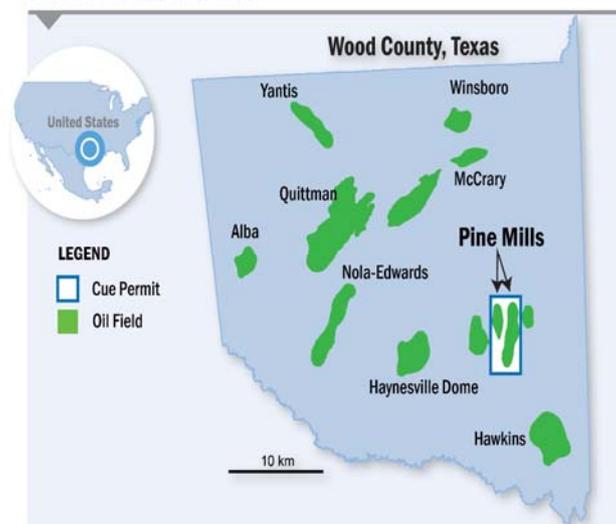
Cue Interest: 80%

Operator: Cue Resources, Inc

Oil sales in the quarter from the Pine Mills field were 6,080 bbls which generated \$0.336 million in revenue received.

Cue finalised the sale of its entire interest in Pine Mills during the quarter.

PINE MILLS LOCATION MAP



EXPLORATION - AUSTRALIA

WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

WA-359-P contains the Ironbark prospect, a large and exciting Deep Mungaroo gas target.

As previously announced, Cue has granted BP Developments Australia Pty Ltd, an option to acquire 42.5% equity in WA-359-P, valid until May 2017.

Cue is continuing discussions with major international companies to attract a partner to form a joint venture together with BP to drill an exploration well in 2018 to test the Ironbark prospect.

WA-409-P

Cue Interest: 20%

Operator: BP Developments Australia Pty Ltd

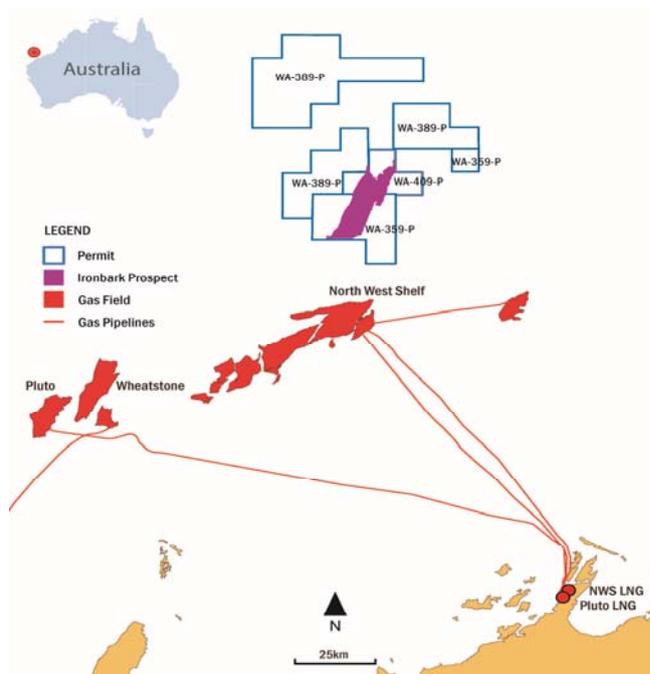
During the quarter, the National Offshore Petroleum Titles Administrator approved the transfer of 80% equity and Operatorship to BP Developments Australia Pty Ltd (BP), completing the transaction that was announced on the 13 October 2016.

WA-389-P

Cue Interest: 40%

Operator: BHP Billiton Petroleum (Australia) Pty Ltd

Reprocessing of existing 2D and 3D seismic data is completed and fulfills the Joint Venture's minimum work obligations. The data is now being interpreted to compile a block wide prospect portfolio.



EXPLORATION INDONESIA

**Mahakam Hilir
PSC Kutei Basin
Cue Interest: 100%
Operator: Cue Kalimantan Pte Ltd**

During the Quarter, analysis of the Naga Selatan-2 discovery continued, focusing on estimating flow potential for oil and gas from both matrix and fracture porosity.

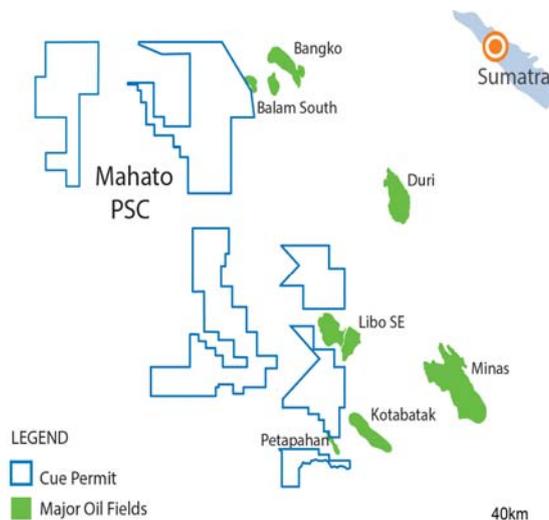
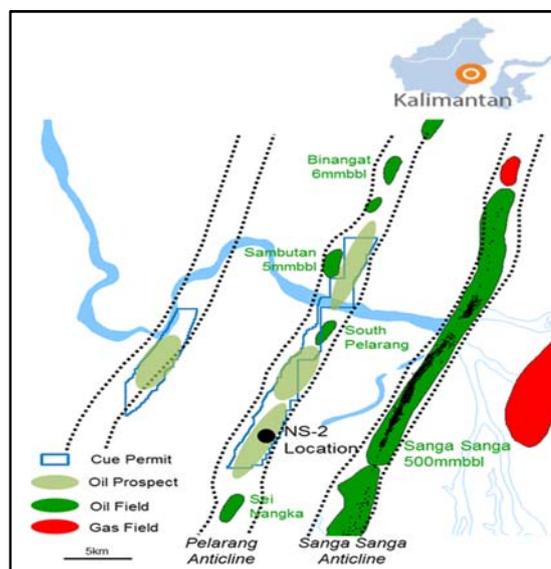
Cue completed data collection activities including airborne gravity gradiometry, high resolution LIDAR, shallow coring and field mapping focused on delineating areas of optimal reservoir quality and fractures for potential appraisal locations. This information is critical in making resource assessment estimates and planning for any future appraisal drilling of the Naga Selatan resource. Further drilling is required for the project to move forward towards development. The company will also consider future testing of the suspended NS-2 well pending results of our studies and considered in conjunction with future plans for drilling.

During H1 2017, Cue will be seeking a joint venture partner to participate in the Mahakam Hilir PSC.

**Mahato PSC
Central Sumatra Basin
Cue Interest: 12.5%
Operator: Texcal Mahato Ltd**

The Mahato PSC covers a highly prospective area, close to several large producing oil fields. Multiple appraisal and exploration opportunities have been mapped. The permit has a minimum work commitment of 1 well and 2D seismic acquisition by July 2018.

A well is planned for mid 2017 and Joint venture discussions are continuing to finalise an Operating Agreement.



CORPORATE

Mr Brian Smith retired from the board at the November AGM. The Company thanks him for his contribution to the Company.

New Zealand Oil and Gas has increased their shareholding in the Company to 50.01%



Andrew Knox
Chief Financial Officer

Various statements in this report constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein.

Some of the more important of these risks, expectations and uncertainties are pricing and production levels from the properties in which the Company has interests and the extent of the recoverable reserves at those properties. In addition, the Company has a large number of exploration permits. Exploration for oil and gas is expensive, speculative and subject to a wide range of risks. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser as to the suitability for them of an investment in the Company.

<p>DIRECTORS GA Worner (Exec. Chairman) Koh Ban Heng (Non Exec. Director) DP Saville (Non-Independent Director)</p> <p>CHIEF FINANCIAL OFFICER AM Knox</p>	<p>REGISTERED OFFICE Level 19 357 Collins Street MELBOURNE VIC 3000</p> <p>Phone: +613 8610 4000 Fax: +613 9614 2142 Email: mail@cuenrg.com.au Web: www.cuenrg.com.au</p> <p>AUDITOR BDO East Coast Partnership Level 14, 140 William Street MELBOURNE VIC 3000</p>	<p>SECURITIES EXCHANGE LISTING ASX: CUE</p> <p>SHARE REGISTER Computershare Investor Services Pty Ltd Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) Email: web.queries@computershare.com.au Website: www.computershare.com.au</p>
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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Cue Energy Resources Limited

ABN

45 066 383 971

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,987	18,927
1.2 Payments for		
(a) exploration & evaluation	(1,761)	(2,282)
(b) development	(595)	(1,060)
(c) production	(3,867)	(7,979)
(d) staff costs	(889)	(1,788)
(e) administration and corporate costs	(593)	(1,094)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1,715)	(3,682)
1.7 Research and development refunds	-	-
1.8 Other (GST)	(160)	(41)
1.9 Net cash from / (used in) operating activities	(578)	1,029
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(11)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	871	871
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	867	860

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21,536	20,490
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(578)	1,029
4.3	Net cash from / (used in) investing activities (item 2.6 above)	867	860
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1,090	536
4.6	Cash and cash equivalents at end of period	22,915	22,915

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	242	180
5.2 Call deposits	22,673	21,356
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,915	21,536

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	187
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees and Director's consulting fees

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,875
9.2 Development	1,829
9.3 Production	2,657
9.4 Staff costs	1,021
9.5 Administration and corporate costs	309
9.6 Other (tax)	1,289
9.7 Total estimated cash outflows	8,980

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Pine Mills USA	Working	80%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Chief Financial Officer

Date: 24 January 2017

Print name: Andrew Knox

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

**QUARTERLY REPORT OF CONSOLIDATED CASHFLOWS
- QUARTER ENDED 31 DECEMBER 2016**

Amended List of Mining Tenements

PERMIT	OPERATOR	LOCATION	CUE INTEREST (%)
Petroleum Properties			
Indonesia			
Sampang PSC ⁽ⁱ⁾	Santos (Sampang) Pty Ltd	Madura Strait Offshore	15.00
Mahakam Hilir PSC	Cue Kalimantan Pte Ltd	Kalimantan Onshore	100.00
Mahato PSC	Texcal Mahato Pte Ltd	Central Sumatra Onshore	12.50
Australia			
WA-359-P	Cue Exploration Pty Ltd	Carnarvon Offshore	100.00
WA-389-P	BHP Billiton Petroleum (Australia) Pty Ltd	Carnarvon Offshore	40.00
WA-409-P	BP Developments Australia Pty Ltd	Carnarvon Offshore	20.00
New Zealand			
PMP 38160	OMV New Zealand Limited	Taranaki Offshore	5.00
	⁽ⁱ⁾ economic interest in the Jeruk field		8.1818