

SUMMARY OF ACTIVITIES

Highlights

- \$5.5 million revenue for the quarter
- WA-359-P Farmout Agreement and WA-490-P Equity Option with Beach Energy executed
- Paus Biru-1 Exploration well approved
- Sampang PSC conversion to gas only complete

Sustainable Business

- Total net production of 35,597 barrels (bbls) of oil and 373 million cubic feet (mmcf) of gas.
- \$5.5 million revenue on oil sales of 32,197 bbls at an average price of US\$55/bbl and gas sales of 345 mmcf at an average price of US\$7.12 per thousand cubic feet (Mcf).
- \$11.3 million cash and no debt.

Disciplined Growth

- **Indonesia:** Paus-Biru 1 exploration well approved with Q4 2018 drilling planned.
- **New Zealand:** MN1 well workover completed resulting in a 200% increase in production from the well.
- **Indonesia:** Sampang PSC Sustainability Project completed safely, on time and budget.

Step Change Opportunities

- **Australia:** WA-359-P Farmout Agreement and WA-409-P Equity Option with Beach Energy announced.

Production & Financial Summary

- Revenue during the quarter was reduced due to lower production at Maari and Sampang while workovers and the Sampang Sustainability Project were undertaken and delayed receipt of Wortel December revenue, received after the quarter end.

KEY PERFORMANCE METRICS		Dec Quarter Q2 FY18	Sep Quarter Q1 FY18	Change %
Oil Production (net to Cue)	bbl	35,597	35,697	(0)
Gas Production (net to Cue)	mmcf	373	464	(20)
Oil Liftings (net to Cue receipts)	bbl	32,197	37,630	(14)
Gas Liftings (net to Cue receipts)	mmcf	345	459	(25)
Total Revenue Receipts	\$m	5.50	6.29	(13)
Production Expenditure	\$m	3.20	3.27	(2)
Closing Cash Position	\$m	11.34	11.67	(3)

PRODUCTION - NEW ZEALAND

PMP 38160

Cue Interest: 5%

Operator: OMV New Zealand Limited

Maari and Manaia Fields

Net Oil Production	bbbl	34,866
Oil Liftings (net to Cue receipts)	bbbl	31,257
Revenue Receipts	\$m	2.24

During the quarter, production was reduced as workovers were successfully undertaken on 2 wells in the Maari Manaia fields; MN1 and MR7A.

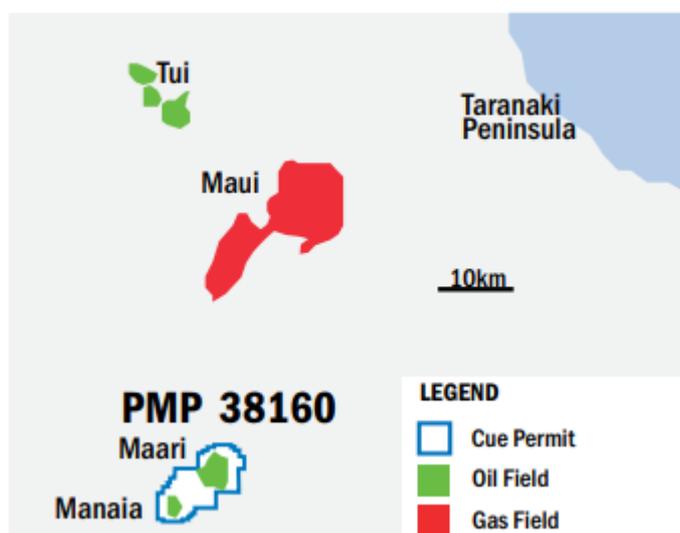
The MN1 workover involved the deepening of the Electric Submersible Pump (ESP) in the well and completion of new sections in the well bore. The workover was completed successfully and resulted in a 200% increase in production from the well to approx. 3000 bbl/d at the end of the quarter.

The MR7A workover successfully replaced the ESP in the well and perforated an additional zone in the well bore.

Preparations for the Flowing Bottom Hole project, to reduce production pressure and expand production continue and this work is expected to be completed during Q1 CY2018.

The Operator, OMV, is expected to propose an investment decision for a proposed appraisal well in the Manaia Moki reservoir during the current quarter. Cue is continuing technical and commercial assessment in preparation for this decision.

TARANAKI PENINSULA LOCATION MAP - NEW ZEALAND



PRODUCTION - INDONESIA

Sampang PSC- Madura Strait

Cue Interest: 15%

Operator: Santos (Sampang) Pty Ltd

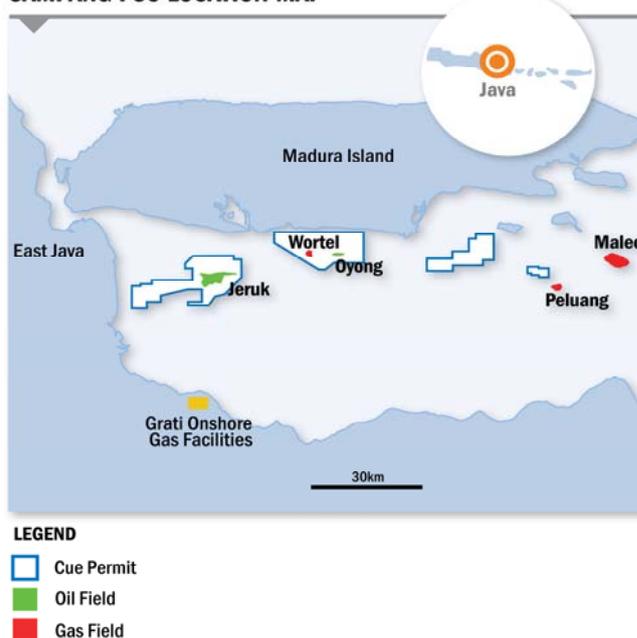
		Oyong	Wortel
Net Condensate Production	bbl	5	726
Net Condensate Sales	bbl	7	933
Revenue Receipts (Condensate)	\$	385	51,264
Net Gas Production	mmcf	154	219
Net Gas Sales	mmcf	177	168
Revenue Receipts (Gas)	\$m	1.66	1.54

Wortel revenue for the quarter lower than expected due to delayed receipt of December sales revenue, received on 2 Jan 2018.

During the quarter, the Sampang Sustainability Project was completed, with the final removal of oil production facilities, converting the Sampang PSC to a gas only project. The Sampang Joint Venture also approved the drilling of the Paus Biru-1 exploration well, expected to spud in Q4 2018.

The final phase of the Sampang Sustainability Project, the removal of the Seagood production facility and the installation of a new compressors at the Grati onshore processing plant, was completed in early December with no safety or environmental issues reported and on time and budget. Gas production from Oyong and Wortel fields was reduced during the project and offline for 11 days during the quarter but has now resumed to normal levels. Operating costs are budgeted to reduce significantly in 2018 with gas only production facilities.

SAMPANG PSC LOCATION MAP



On December 27th 2017, Cue announced that the Sampang Joint Venture had approved the drilling of the Paus Biru-1 exploration well. The well will target the Mundu gas reservoirs at the Paus Biru prospect, 27km east of the Oyong field. Geotechnical and geophysical site surveys have been completed and preparations are underway for Q4 2018 drilling.

In the Oyong field, perforations of the existing Oyong-4 well in the upper gas column the Upper Mundu reservoir in the existing Oyong-9 well were completed during the quarter. The Oyong-9 perforation is a significant test of a previously untested upper reservoir section which was thought to be non-productive.

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.

During the quarter, Cue announced the signing of a farmout agreement with Beach Energy. Under the terms of the agreement, Beach will acquire 21% equity and free carry Cue for 4% of the cost of drilling the Ironbark-1 exploration well in WA-359-P. Beach will also reimburse Cue \$900,000 for past costs.

The agreement is conditional on BP exercising its option to acquire 42.5% equity in WA-359-P, Cue obtaining and extension to the permit end date and other customary approvals.

Cue's option with BP over 42.5% equity in WA-359-P was also extended until 25 April 2018 during the quarter. With the BP and Beach agreements in place, 75% of the funding for the Ironbark-1 well is conditionally secured

Cue has initiated discussions with NOPTA on a suspension and extension to the current April 2018 permit end date to allow analysis and review of new data as part of the Ironbark-1 drill planning.

Discussions with interested parties to attract a partner or partners to form a joint venture together with BP and Beach are continuing.

WA-409-P

Cue Interest: 20%

Operator: BP Developments Australia Pty Ltd

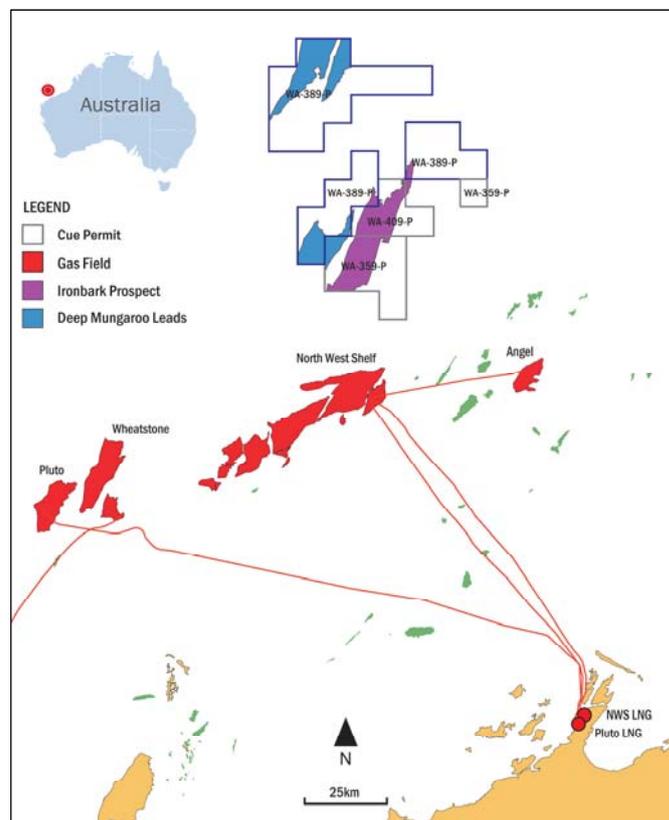
Analysis of reprocessed seismic is continuing by the Operator.

WA-389-P

Cue Interest: 100%

Operator: BHP Billiton Petroleum (Australia) Pty Ltd

In October 2017, Cue was granted a 24 month suspension and extension of Year 4 of the permit to allow time for geological and geophysical studies to be undertaken to assess the Deep Mungaroo prospectivity, analogous to the Ironbark prospect, within the permit.



EXPLORATION - INDONESIA

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

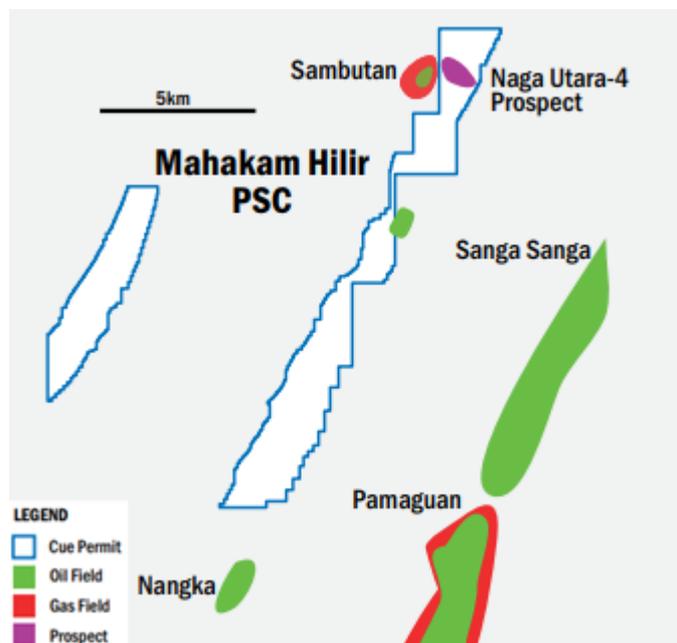
During the quarter, Cue completed seismic reprocessing of 2D data, petrophysical analysis of 4 newly available wells, further gravity modelling and initiated structural interpretation integrating all the data.

From the work undertaken, there are positive indicators towards the existence of hydrocarbons in the 1930's Sambutan-8 well.

Preliminary planning for a Naga-Utara 4 appraisal well, to twin the Sambutan-8 well, has commenced, including a review of unused drilling equipment from previous wells, which has the potential to provide significant cost savings.

Cue continued discussion with the Indonesian regulator SKKMigas, for a variation to the work program to enable the May 2018 optional well commitment to be deferred until the end of 2018.

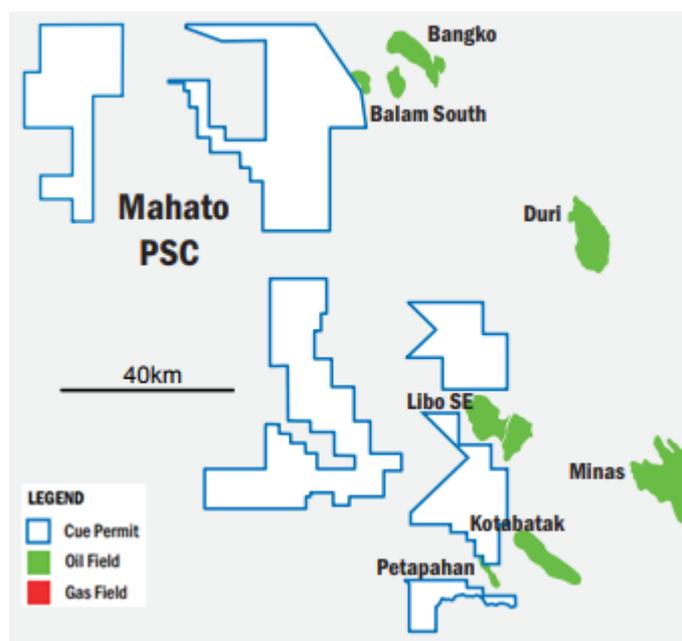
Management presentations were held during the quarter with a number of potential farm-in partners. A data room, with updated data and analysis, is being held in Cue Jakarta office.



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

The Mahato partners continue discussions to move forward with exploration and sign a legally binding Operating Agreement.

Operator discussions with SKKMigas, on a potential extension to the exploration period of the permit are continuing.



CORPORATE

During the quarter, Cue continued to focus on cost minimisation for a sustainable business.

Mr Ducan Saville resigned as a director of Cue Energy Resource Limited on 14 December 2017 and Ms Melanie Leydin was appointed as a director on the same day.

Melanie Leydin
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 (Non Exec. Chairman) Koh Ban Heng (Non Exec. Director) DP Saville (Non-Independent Director) resigned 14/12/2017 M Leydin (Exec. Director) appointed 14/12/2017</p> <p>CHIEF EXECUTIVE OFFICER Mathew Boyall</p> <p>CHIEF FINANCIAL OFFICER Melanie Leydin</p>	<p>REGISTERED OFFICE Level 3 10-16 Queen 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 18, 727 Collins 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 2017

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	5,501	11,790
1.2 Payments for		
(a) exploration & evaluation	(853)	(1,140)
(b) development	-	-
(c) production	(3,201)	(6,471)
(d) staff costs	(319)	(1,931)
(e) administration and corporate costs	(230)	(394)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	45	76
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(395)	(1,148)
1.7 Research and development refunds	-	-
1.8 Other (GST)	(32)	25
1.9 Net cash from / (used in) operating activities	516	807
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets – production properties	(887)	(1,772)

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)	-	-
	(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	(887)	(1,772)

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	11,674	12,420
4.2	Net cash from / (used in) operating activities (item 1.9 above)	516	807
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(887)	(1,772)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	33	(119)
4.6	Cash and cash equivalents at end of period	11,336	11,336

Mining exploration entity and oil and gas exploration entity quarterly report

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	5,505	5,856
5.2 Call deposits	5,831	5,818
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)	11,336	11,674

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	78
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	

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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

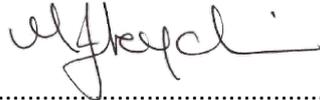
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	365
9.2 Development	739
9.3 Production	2,644
9.4 Staff costs	346
9.5 Administration and corporate costs	161
9.6 Other (tax)	438
9.7 Total estimated cash outflows	4,693

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	-	-	-	-
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 2018

Print name: Melanie Leydin

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 2017**

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	Cue Exploration Pty Ltd	Carnarvon Offshore	100.00
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