



ABN 45 066 383 971

25 July 2017

PAGES (including this page): 13

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

Quarterly Report for Period Ended 30 June 2017

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

Yours faithfully

A handwritten signature in black ink, appearing to read "Melanie Leydin".

Melanie Leydin
Chief Financial Officer and Company Secretary

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 (Chairman)
- Koh Ban Heng
- Duncan Saville

CUE ENERGY MANAGEMENT

- Matthew Boyall (CEO)
- Melanie Leydin
(CFO and Company Secretary)

OFFICE

Level 3
10-16 Queen Street
Melbourne Vic 3000

CONTACT DETAILS

Tel: +613 8610 4000
Fax: +613 9614 2142

EMAIL

mail@cuenrg.com.au

WEBSITE

www.cuenrg.com.au

LISTINGS

ASX: CUE
ADR/OTC: CUEYY

SUMMARY OF ACTIVITIES

Highlights

- Steady production rates were achieved from Maari and Sampang projects throughout the quarter.
- A farmout of the Mahakam Hilir PSC was initiated with a number of Management presentations conducted

Sustainable Business

- The Company had \$12.4 million cash at the end of the quarter and no debt. The cash decline of \$8.9 million over the quarter was primarily attributable to the US\$6.8m Jeruk Project reimbursement as announced on 23rd May 2017.
- Total net production in the quarter was 132,812 barrels of oil equivalent (boe) comprising of 47,421 barrels (bbls) of oil and 512 million cubic feet (mmcf) of gas.
- Revenue receipts from hydrocarbon production for the quarter were \$7.8 million on sales of 31,475 bbls of oil at an average price of US\$56 per barrel and 578 mmcf of gas at an average price of US\$7.03 per thousand cubic feet (Mcf).
- **Indonesia:** Oyong and Wortel fields (Sampang PSC) continued strong production, with total combined average gross rates of 51 mmcf and 497 barrels of oil per day (bopd) during the quarter.
- **New Zealand:** Maari (PMP 38160) gross field production averaged 9,135 bopd during the quarter.
- Focus continued on managing overhead costs

Disciplined Growth

- **Indonesia:** Oil production from the Oyong field has ceased as part of the Sampang Sustainability Project (SSP). The field will now produce gas only and is expected to operate at significantly lower cost
- **Indonesia:** Analysis continued on the Naga Utara prospect in the Mahakam Hilir PSC to review the prospect based on reprocessed seismic data and other new information. During the quarter a farm in was initiated and management presentations were conducted with potential farminees.

Step Change Opportunities

- **Australia:** BP has been granted an extension to their option over 42.5% equity in WA-359-P. Discussions are continuing with a number of parties who are assessing the WA-359-P farm-in opportunity

Production & Financial Summary

KEY PERFORMANCE METRICS

		Jun Quarter Q4 FY17	Mar Quarter Q3 FY17	Change %
Oil Production (net to Cue)	bbl	47,421	45,714	4
Gas Production (net to Cue)	mmcf	512	619	(17)
Oil Liftings (net to Cue receipts)	bbl	31,475	40,218	(22)
Gas Liftings (net to Cue receipts)	mmcf	578	710	(18)
Total Revenue Receipts	\$m	7.75	9.25	(16)
Production Expenditure ⁽¹⁾	\$m	13.76	3.63	(279)
Closing Cash Position	\$m	12.42	21.36	(42)

(1) Includes Jeruk Project Reimbursement

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 37,640 bbls which generated revenues of \$2.74 million.

The average oil production rate in the quarter was approximately 9,135 gross bopd (Cue net: 457 bopd). At the end of the quarter, daily gross production was circa 9000 bopd.

On the 28th May 2017, the field operator, OMV NZ, achieved a significant safety milestone of 3 years with No Lost Time Injuries (LTI).

Preparations continued for the installation of a permanent repair to the Well Head Platform horizontal strut anomaly which was identified in late 2016. The permanent repairs are scheduled to be undertaken in the third quarter.

During the quarter, OMV presented the Joint Venture with further information regarding the potential development at the Manaia field, approximately 6km from the Maari field. Budget has been approved for the project to enter the concept phase and the JV will continue to study the opportunity.



PRODUCTION - INDONESIA

Sampang PSC- Madura Strait

Cue Interest: 15%

Operator: Santos (Sampang) Pty Ltd

Steady gas production continued from Sampang during the quarter, with the gross combined average production from Oyong and Wortel 51 mmcf/d and 497 bopd.

During June, oil production from the Oyong field ceased as part of the Sampang Sustainability Project (SSP). Work is continuing on the conversion to gas only production, which is expected to extend the life of the Oyong and Wortel fields by at least 2 years to 2020 or beyond.

Oyong Field

During the quarter Cue's share of gas sales receipts was \$2.42 million from the sale of 260 mmcf.

Cue did not receive any receipts for oil and condensate sales during the quarter but reimbursed US\$0.39 million for overlift of 6,165 bbls in 2016. Revenue from final oil sales at Oyong are expected to be received in Q1 CY18 after reconciliation with Indonesian Government allocations.

The Oyong average oil production rate for the quarter was 497 bopd (gross) and the daily gas average rate was 21.5 mmcf/day (gross) (Cue net: 64 bopd and 2.5 mmcf/d - both net of government take under the PSC). There will be no further oil sales from the Oyong field. Oyong gas production is expected to be reduced over the next quarter while the conversion to gas only production is completed.

During the quarter, the JV reviewed the potential for new reservoirs to be tested above the producing Mundu sands. The operator has proposed new completions in Oyong 5 and Oyong 9 wells to test the Upper Mundu reservoir, which are likely to be undertaken during the current quarter

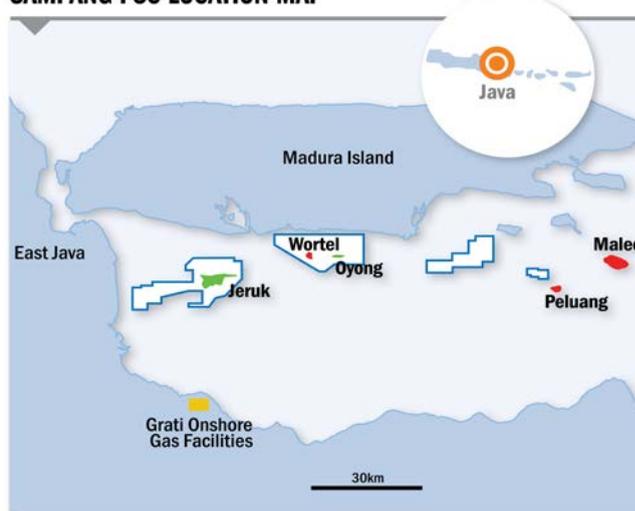
Wortel Field

During the quarter Cue's share of gas sales receipts was \$2.98 million from the sale of 318 mmcf. Cue did not have any condensate sales in the quarter.

Wortel-3 and Wortel-4 flowed gas at a combined average daily rate of 29.1 mmcf/d (gross) during the quarter (Cue net 3.2 mmcf/d net of government take under the PSC.)

Installation of a new compressor at the Grati processing plant has been initiated. The new compressor is being transferred from another PSC and replaces a leased unit, which will result in lease cost saving for the life of the Sampang PSC.

SAMPANG PSC LOCATION MAP



LEGEND

- Cue Permit
- Oil Field
- Gas Field

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.

In April 2017, Cue granted BP and extension of their option over 42.5% equity in WA-359-P until October 2017. This extension was to allow more time for the parties involved in the dataroom to evaluate seismic data which is currently being reprocessed.

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

The Operator is undertaking extensive seismic reprocessing over the WA-409-P permit and surrounding areas. Under the October 2016 farmout agreement, BP will fund Cue's portion of the Primary Work programme in WA-409-P.

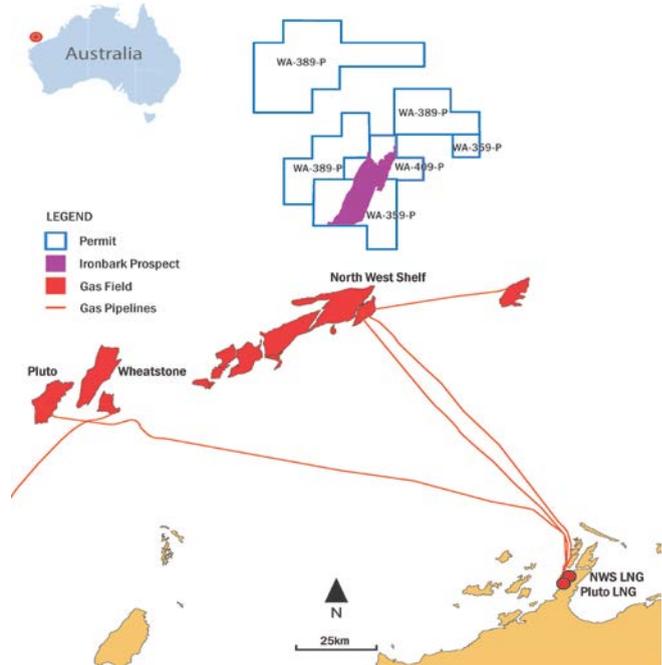
WA-389-P

Cue Interest: 40%

Operator: BHP Billiton Petroleum (Australia) Pty Ltd

During the quarter, BHP Billiton provided notice to Cue of their withdrawal from the WA-389-P Joint venture.

An application for the assignment of BHP Billiton's 60% equity and operatorship to Cue is currently with NOPTA for approval.



EXPLORATION INDONESIA

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

During the quarter, a farmout process for the Mahakam Hilir PSC was initiated to attract a joint venture partner and Management presentations were conducted.

Cue's focus has returned to the Naga Utara prospect in the northern area of the permit, where gravity gradiometry data identified a depositional environment which is analogous to the area which contains the Sambutan producing gas field.

Data analysis is focusing on the reprocessing of available seismic data and well analysis of recent and historical wells. The results are very encouraging and we are building up a structural and reservoir model of the area which can explain the higher prospectivity in the area and poor results in the Naga Utara 1 and 2 wells.

A key factor in the analysis is data available from the Sambutan-8 well, drilled in the 1930s, which is located inside the Mahakam Hilir PSC. This well encountered a gross 100m section of interpreted good quality reservoir sands with log responses that indicate the possible presence of hydrocarbons. The reservoir sands intersected by the Sambutan-8 well correlate to the producing Sambutan gas field, located approximately 200m west of the well. In the Mahakam Hilir PSC the sands have not yet been tested or put on production.

Cue has also hired a new General Manager Indonesia, who was previously the General Manager of SEMCO which operated the Sambutan field, and has significant knowledge of the area.

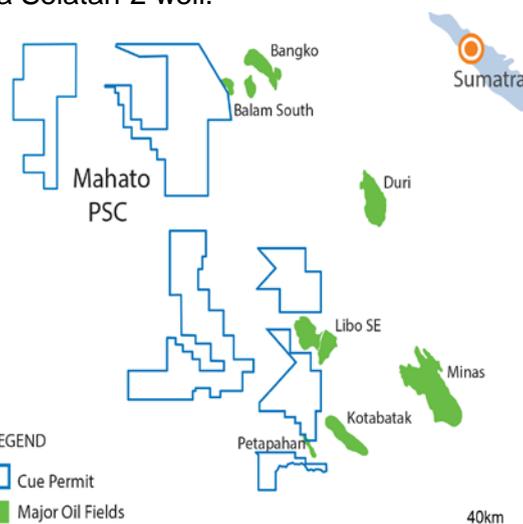
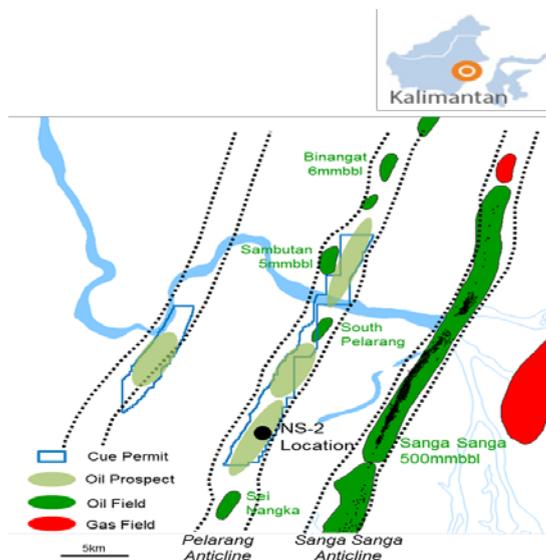
Further analysis of the Naga Selatan-2 well information, gravity gradiometry and shallow coring results indicate lower prospectivity in the southern area of the permit. As a result of this further analysis, plans are being made to plug and abandon the Naga Selatan-2 well.

Mahato PSC
Central Sumatra Basin
Cue Interest: 12.5%
Operator: CENTRALSUMATRA ENERGY

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.

The Operator, Central Sumatra Energy, has advised Cue that all required permits have been received to enable the drilling of a well in the Petapahan area. Pending partner agreement and the signing of a JOA, a well could be drilled by Q1 CY2018.

In May, Bukit Energy, announced the sale of their equity to Bow Energy Ltd, a TSX listed company.



CORPORATE

On June 16th 2017, Cue announced the following leadership changes, which were effective 1st July 2017:

- Mr Grant Worner concluded his dual role as both Chairman and Chief Executive Officer of the Company and reverted to Non Executive Chairman of Cue
- Mr Matthew Boyall was appointed as Chief Executive Officer
- Ms Melanie Leydin was appointed as Chief Financial Officer and Company Secretary, replacing Mr Andrew Knox, who left the Company (effective 4th July)

During the quarter, Cue continued to focus on cost minimisation for a sustainable business including relocating the Melbourne office to smaller premises at:

Level 3, 10 Queen St
Melbourne 3000.

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)</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")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,755	35,934
1.2 Payments for		
(a) exploration & evaluation	(361)	(4,449)
(b) development	(916)	(3,152)
(c) production	(13,757)	(25,366)
(d) staff costs	(405)	(3,064)
(e) administration and corporate costs	(448)	(1,829)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	78	151
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1,218)	(6,745)
1.7 Research and development refunds	-	-
1.8 Other (GST)	123	35
1.9 Net cash from / (used in) operating activities	(9,149)	(8,485)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(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 (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	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	-	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	21,360	20,490
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,149)	(8,485)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	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	209	(445)
4.6	Cash and cash equivalents at end of period	12,420	12,420

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	1,075	2,135
5.2 Call deposits	11,345	19,225
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)	12,420	21,360

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	135
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	

-

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	500
9.2 Development	503
9.3 Production	3,912
9.4 Staff costs ⁽¹⁾	1,721
9.5 Administration and corporate costs	287
9.6 Other (tax)	1,579
9.7 Total estimated cash outflows	8,502

⁽¹⁾: Includes termination payment made to A Knox in July 2017.

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:
Company Secretary

Date: 25 July 2017

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 30 JUNE 2017**

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