



Cue Energy Resources Limited

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TO : Company Announcements Office
10th Floor
20 Bond Street
Sydney NSW 2000

DATE : 19 July 2011

PAGES (including this page): 17

FROM : Andrew Knox

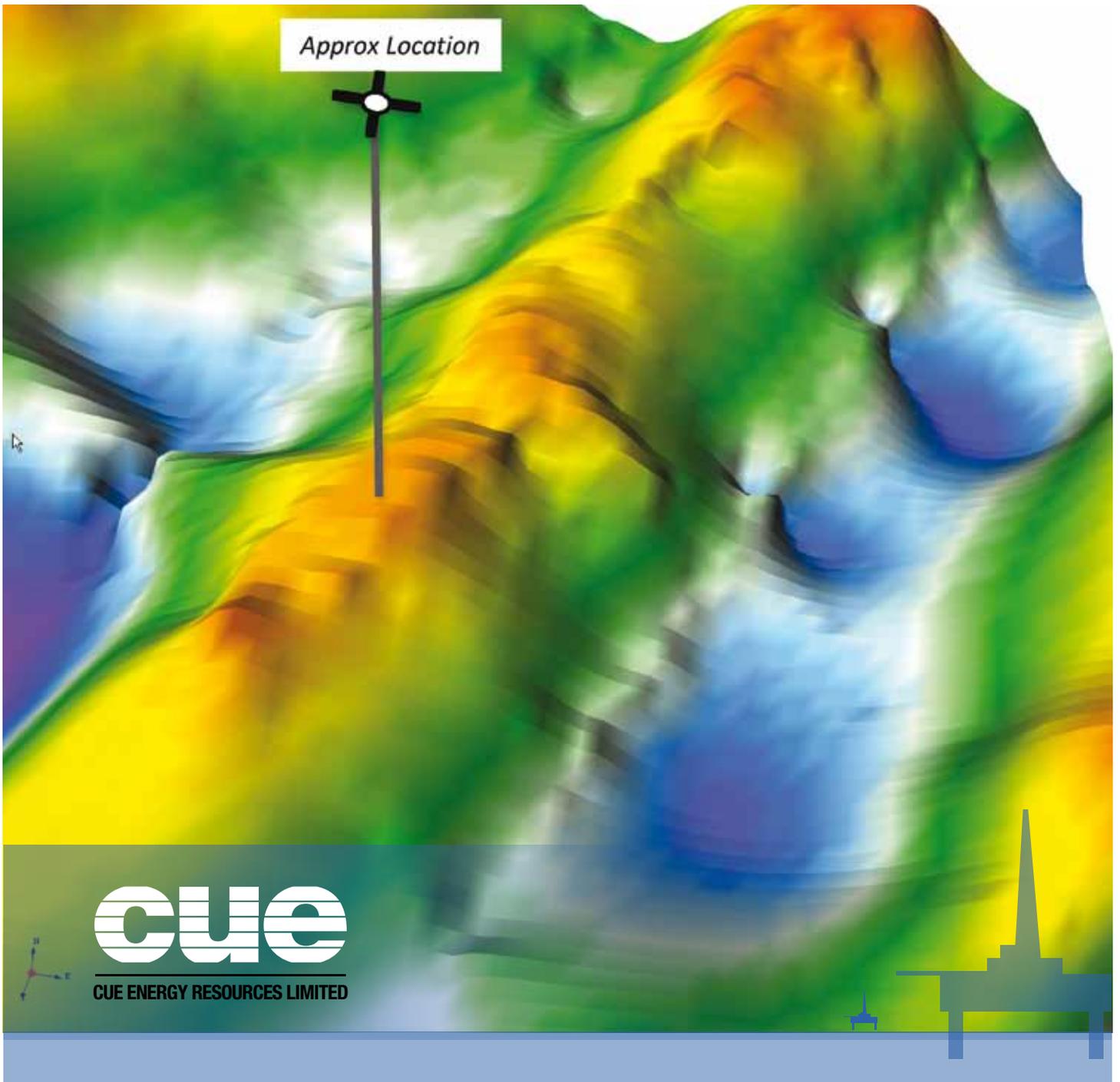
RE : **Quarterly Report for Period Ending 30 June 2011**

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

Yours faithfully

A handwritten signature in black ink that reads "Andrew Knox".

Andrew M Knox
Public Officer



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CUE ENERGY RESOURCES LIMITED

QUARTERLY REPORT

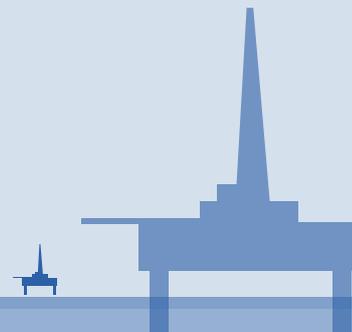
FOR THE QUARTER ENDING 30 JUNE 2011

(ASX: CUE, NZX: CUE, POMSOX: CUE, ADR/OTCQX: CUEYY)

Naga Selatan (Southern Dragon) Mahakam Hilir Kalimantan, Indonesia

HIGHLIGHTS

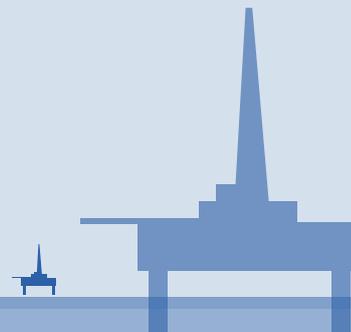
FOR THE QUARTER ENDING 30 JUNE 2011



- Cash up 12% from previous quarter to A\$52.8 million at 30 June 2011
- Total financial year production receipts of A\$51 million
- Debt reduced by 20% to US\$5.4 million (A\$5.1 million) at end of quarter
- Farm-in for 40% of Mahakam Hilir PSC onshore Kalimantan, Indonesia on ground floor terms. Drilling to commence 4th quarter 2011
- The Zeebries 3D seismic acquisition was completed during the quarter in WA-359-P and WA-409-P
- The Movida 3D seismic survey in WA-389-P is being processed
- All conditions precedent for the sale of Cue's 20% equity in AC/RL7, the Cash-Maple field for US\$8 million has been completed. Payment was received after the end of the quarter increasing the cash balance to over US\$60 million
- Seismic data processing is progressing in the Taranaki Basin over the Pungarehu prospect in PEP51149 and the Matariki and Te Whatu prospects in PEP51313

FINANCIAL SUMMARY

FOR THE QUARTER ENDING 30 JUNE 2011



Quarterly revenue

Revenue receipts from hydrocarbon production for the quarter were A\$14 million on sales of 112,136 barrels of oil and 737 million cubic feet of gas.

Cash at end of quarter

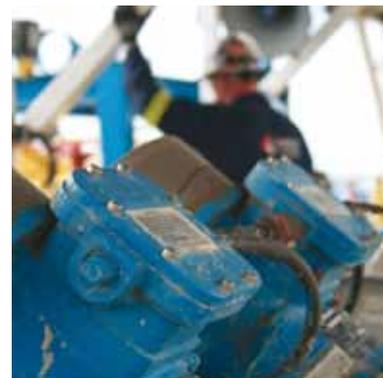
Cash increased A\$5.6 million over the quarter to A\$52.8 million.

Hedging

Cue has a remaining hedge contract of 10,000 bbls per month from July to December 2011 at a price of dated Brent US\$98 per bbl.

Debt

Borrowings have been reduced by 20% to approximately US\$5.4 million (A\$5.1 million) since the last quarter, down from US\$20 million as at 31 December 2009.



ACTIVITY REVIEW

FOR THE QUARTER ENDING 30 JUNE 2011

Australia

WA-359-P and WA-409-P Carnarvon Basin –Western Australia (30% interest)

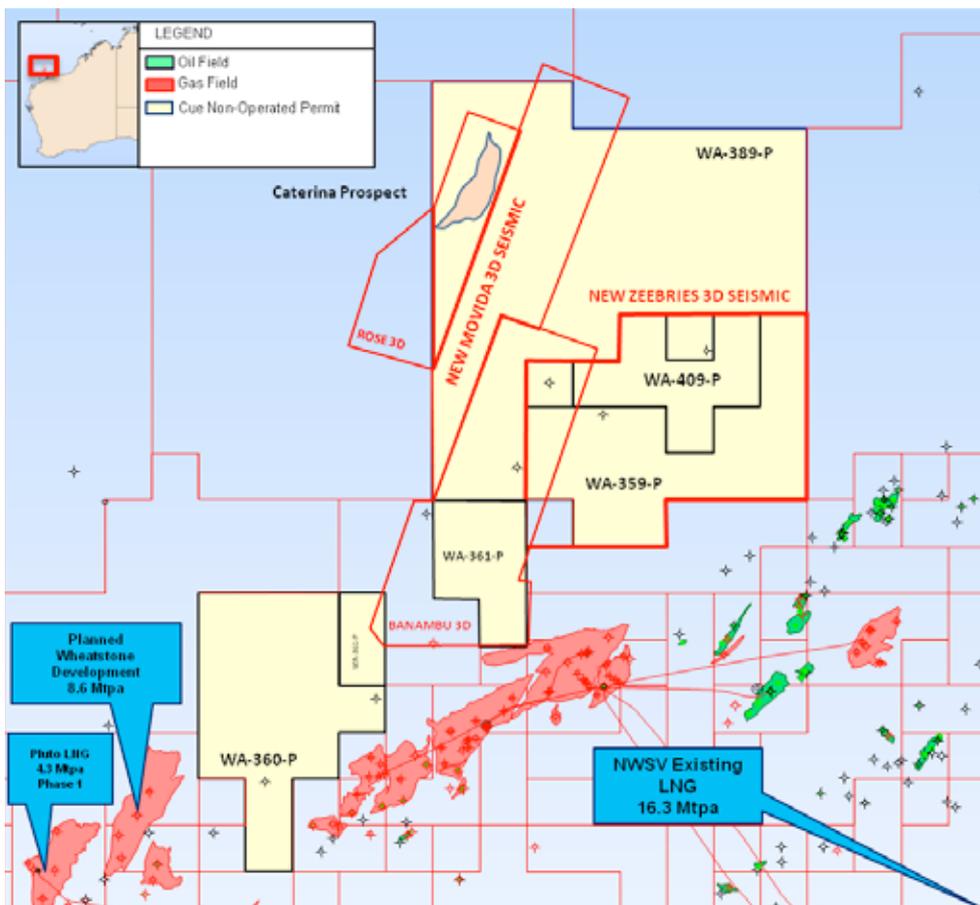
Operator: Apache Northwest Pty Ltd

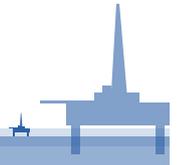
Acquisition of the Zeebries 3D seismic survey was completed in early May 2011. The processing of the data is progressing. The survey is expected to define several new drillable prospects.

WA-389-P Carnarvon Basin –Western Australia (35% interest)

Operator: Woodside Burrup Pty Ltd

During the quarter Woodside completed the reprocessing of the Banambu 3D seismic survey. Reprocessing of the Rose 3D and processing of the new Movida 3D seismic surveys is continuing.





Australia continued

WA-360-P Carnarvon Basin –Western Australia (15% interest)

Operator: MEO Australia Ltd

There is no significant activity to report

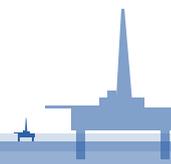
WA-361-P Carnarvon Basin –Western Australia (15% interest)

Operator: MEO Australia Ltd

The secondary 3 year term of the licence has been entered into. The forward work programme commitment consists of geotechnical studies and the acquisition and interpretation of 150 sq km 3D seismic. Planning for the Zeus-MC 3D seismic survey to cover part of WA-361-P is progressing and acquisition is currently expected to commence in Q4, 2011.



Seismic Survey WA-389-P



New Zealand

PEP51313 Offshore Taranaki Basin (20% interest)

Operator: Todd Exploration Limited

Processing of the new Te Whatu 2D seismic data is progressing.

PEP51149 Offshore Taranaki Basin (20% interest)

Operator: Todd Exploration Limited

Processing of the new Pungarehu 2D onshore—transition zone and offshore seismic is progressing



PMP 38160 Offshore Taranaki Basin (5% interest)

Operator: OMV New Zealand Ltd Maari and Manaiia Fields

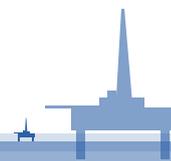
Cue's net share of oil sales receipts from the Maari and Manaiia fields was 67,158 barrels which generated A\$7.5 million in revenue received. Oil from Maari and Manaiia is being commingled and produced jointly.

Production was below forecast due to continued electrical submersible pump problems primarily related to scale being formed in the wells due to injection water break through. The operator is working with the pump supplier, Schlumberger to maximise the pump run life and address the scale issue with chemical injection and regular acid washing of the pumps in situ.

A planned maintenance shutdown was completed from 20-25 June 2011. Commenced acidisation of the MR1 well. Subsequent to the end of the quarter, the MR4 well was restarted following work-over completion.



Drilling Operations in the Maari Field



Indonesia

Sampang PSC – Madura Strait (15% interest)

Operator: Santos

Oyong Field

Oil production continued at a total rate of 2,700 bopd which is above the original forecast rate. Cue's share of oil sales receipts was 36,677 barrels which generated A\$3.91 million in revenue received during the quarter. Cue's share of gas sales receipts was 737 million cubic feet which generated A\$1.86 million in revenue received during the quarter.

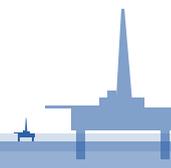


Wortel Field

The Wortel gas field development is progressing to plan, all detailed engineering, and fabrication of the legs of the wellhead platform, have been completed, targeting first gas production in late 2011. The combined Oyong and Wortel gas production rate is expected to be around 90 mmscf per day. Oyong is currently producing around 60 MMscf per day.



Oil Production at Oyong



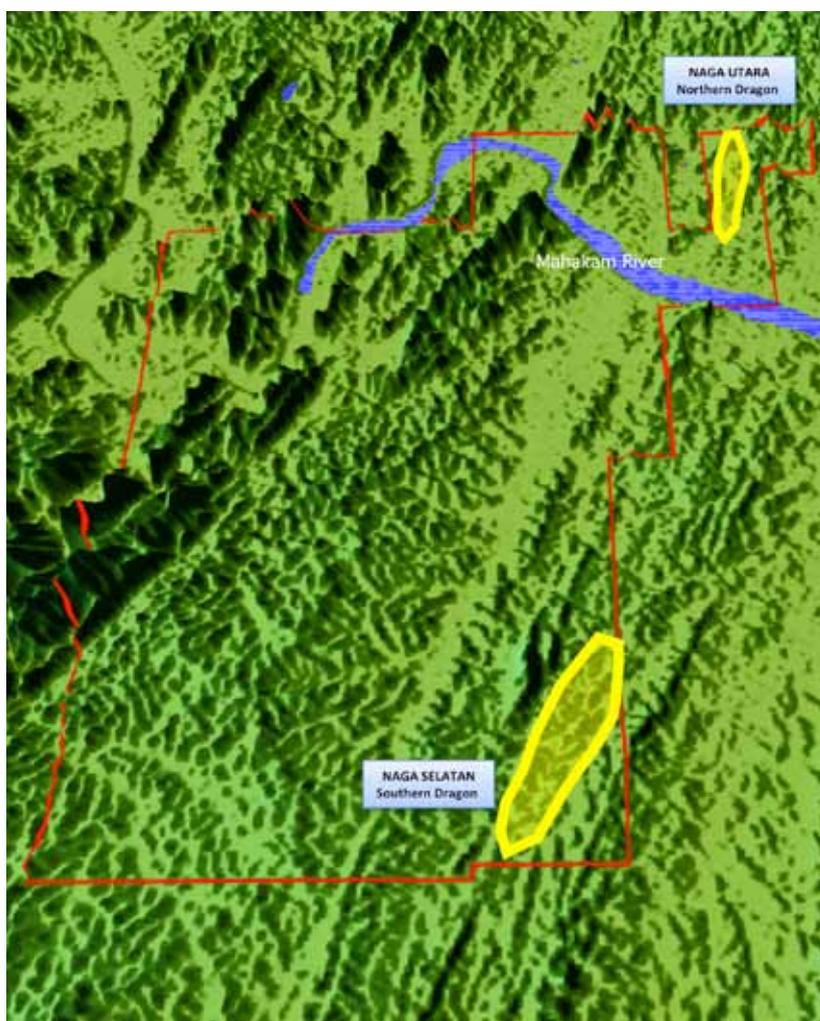
Indonesia continued

Mahakam Hilir PSC (40% interest)

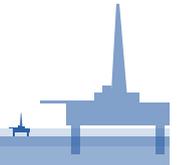
Operator: Singapore Petroleum

Cue has, subject to government approvals, agreed to acquire a 40% interest in the Mahakam Hilir PSC in the prolific Kutei Basin, onshore Kalimantan, Indonesia (PSC) from SPC Mahakam Hilir Pte Ltd (SPC), the operator holding 100% interest in the Mahakam Hilir PSC. Under the farm-in agreement with SPC, Cue will earn its interest by refunding 40% of the past costs to SPC where 200km of newly acquired 2D seismic has been the operator's only major expenditure to date.

- The prospect inventory includes two drill-ready prospects and numerous upside exploration objectives which were identified on the new 2D seismic data.
- A drilling programme will commence in Q4 2011, and planning, selection and ordering of long lead and earth- working operations has commenced.
- The Naga Selatan (*Southern Dragon*) prospect will be drilled first. This is an oil prospect and lies along trend of the historic Sei Nangka and South Pelarang oil fields. The multiple targets are shallow, located at approximately 1500mTVD. The prospect is estimated to contain approximately 71 million barrels stock tank oil initially in place, (P50).
- The Naga Utara (*Northern Dragon*) prospect is situated adjacent to the Sambutan Gas Field which currently produces around 10mmcf/d. Naga Utara is a gas prospect which is close to existing infrastructure and market opportunities. The prospect is estimated to contain approximately 108 bcf of gas initially in place, (P50).



Mahakam Hilir, Kalimantan



Papua New Guinea

PDL 3 – SE Gobe Field, PNG (5.568892% interest)

Operator: Santos

SE Gobe Unit, PNG (3.285646% interest)

Operator: Oil Search (PNG) Limited

Cue's share of oil sales receipts was 8,301 barrels of oil from the SE Gobe field during the quarter which generated A\$0.95 million in revenue received.

PRL14 (formerly PPL190)

Operator: Oil Search (PNG) Limited

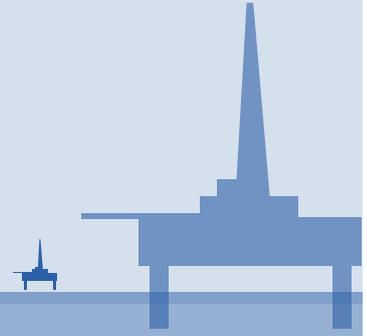
No significant activity to report.



Production Facility SE Gobe

CORPORATE

FOR THE QUARTER ENDING 30 JUNE 2011



During the quarter, Cue was accepted to have its American Depositary Receipts (ADRs) traded on the highest tier of the OTC market, OTCQX. Cue has begun trading on the OTCQX (OTCQX : CUEYY)

By Order of the Board

Andrew Knox
Public Officer

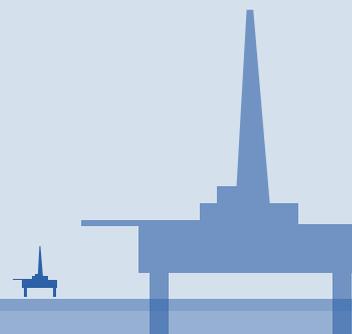
Various statements in this report constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events 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.

RULE 5.3

APPENDIX 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT



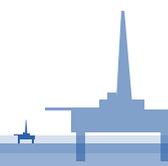
Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity: Cue Energy Resources Limited

ABN: 45 066 383 971

Quarter ended ("current quarter"): 30 June 2011

CONSOLIDATED STATEMENT OF CASH FLOWS			
	Current quarter \$A'000	Year to date 12 months \$A'000	
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	14,235	51,257
1.2	Payments for (a) exploration and evaluation (refer 2.2)	(1,553)	2,397
	(b) development	(1,252)	(6,275)
	(c) production	(2,457)	(9,723)
	(d) administration	(1,298)	(4,067)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	80	349
1.5	Interest and other costs of finance paid	(29)	(173)
1.6	Income taxes paid	901	(2,901)
1.7	Other – Hedging	(393)	618
	Net Operating Cash Flows	8,234	31,482
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(25)	(28)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	-	5,757
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(25)	5,729
1.13	Total operating and investing cash flows	8,209	37,211



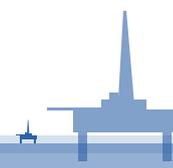
CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED			
1.13	Total operating and investing cash flows (carried forward)	8,209	37,211
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	300
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (refer 3.1(i))	-	-
1.17	Repayment of borrowings	(1,300)	(6,459)
1.18	Dividends paid	-	-
1.19	Share Issue Costs	-	-
Net financing cash flows		(1,300)	(6,159)
Net increase (decrease) in cash held		6,909	31,052
1.20	Cash at beginning of quarter/year to date	47,438	29,373
1.21	Exchange rate adjustments to item 1.20	(1,536)	(7,614)
1.22	Cash at end of quarter	52,811	52,811

PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES		
		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	77
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	Directors fees

NON-CASH FINANCING AND INVESTING ACTIVITIES		
2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	-
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	
	Includes USD5 million of back costs received from Woodside Petroleum pursuant to the farm out terms of WA-389-P.	

FINANCING FACILITIES AVAILABLE		
<i>Add notes as necessary for an understanding of the position.</i>		
	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities ⁽ⁱ⁾	5,086
3.2	Credit standby arrangements	-

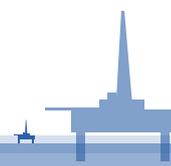
⁽ⁱ⁾ Balance of project finance payable for the Maari oil field development in the Taranaki Basin, New Zealand. The facility was for US\$20M with BOS International (Australia) Limited, a part of the Bank of Scotland's global oil and gas business.



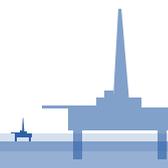
ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER		
		\$A'000
4.1	Exploration and evaluation	7,845
4.2	Development	10,731
4.3	Production	4,098
4.4	Administration	1,062
Total		23,736

RECONCILIATION OF CASH			
	Current quarter \$A'000	Previous quarter \$A'000	
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.			
5.1	Cash on hand and at bank	10	144
5.2	Deposits at call	52,801	47,294
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter	(item 1.22)	52,811	47,438

CHANGES IN INTERESTS IN MINING TENEMENTS					
	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	T/37P	Working	50%	-
		T/38P	Working	50%	-
		AC/RL7	Working	20%	-
6.2	Interests in mining tenements acquired or increased	Mahakam Hilir PSC	Working	-	40%



ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER				
<i>Description includes rate of interest and any redemption or conversion rights together with prices and dates.</i>				
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 Ordinary securities	694,819,718	694,819,718	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options			Exercise Price	Expiry
<i>(description and conversion factor)</i>	1,200,000	-	15 cents	19/04/12
	700,002	-	20 cents	19/04/12
	1,033,333	-	22.5 cents	19/04/12
	1,033,332	-	25 cents	19/04/12
	333,333	-	35 cents	19/04/12
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		



COMPLIANCE STATEMENT

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 19 July 2011

Public Officer

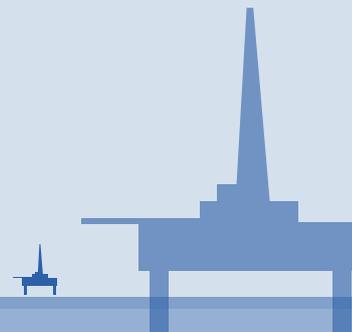
Print name: Andrew Knox

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

APPENDIX A

AMENDED LIST OF MINING TENEMENTS



PERMIT	OPERATOR	CUE INTEREST (%)
Petroleum Properties		
Indonesia		
Sampang PSC (i)	Santos (Sampang) Pty Ltd	15.00
Mahakam Hilir PSC(ii)	SPC (Mahakam Hilir) Pte Ltd	40.00
Papua New Guinea		
PRL 14	Oil Search (PNG) Limited	10.947
PDL 3	Barracuda Pty Ltd	5.568892
PRL 9	Oil Search (PNG) Limited	14.894
SE Gobe Field Unit	Oil Search (PNG) Limited	3.285646
Australia		
WA-359-P	Apache Northwest Pty Ltd	30.00
WA-360-P	MEO Australia Limited	15.00
WA-361-P	MEO Australia Limited	15.00
WA-389-P	Woodside Burrup Pty Ltd	35.00
WA-409-P	Apache Northwest Pty Ltd	30.00
New Zealand		
PMP 38160	OMV New Zealand Limited	5.00
PEP 51313	Todd Exploration Limited	20.00
PEP 51149	Todd Exploration Limited	20.00
(i) Economic interest in the Jeruk field		8.181818
(ii) Subject to government of Indonesia approval		