



ABN 45 066 383 971

13 October 2016

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

Cue Energy Farms Out North West Shelf Gas Prospect to BP

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, Indonesia and the USA.

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
- Brian Smith

CUE ENERGY MANAGEMENT

- Andrew Knox (CFO)
- Jeffrey Schroll (Exp Man)

OFFICE

Level 19
357 Collins 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



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Cue Energy Farms Out North West Shelf Gas Prospect to BP

- **BP acquires 80% equity and will be Operator of WA-409-P with an option to acquire 42.5% equity in WA-359-P**
- **Cue's 20% equity interests in WA-409-P will be funded by BP for the work programme required under the permit for the next 3 years**
- **Funding for 50% of the cost of drilling a well in WA-359-P is secured if the option is exercised**
- **BP will assist Cue in attracting an Operating Partner for WA-359-P**

Cue Energy Resources Ltd (ASX: CUE) is pleased to advise that its 100% owned subsidiary, Cue Exploration Pty Ltd, has executed agreements with BP Developments Australia Pty Ltd (BP) for BP, subject to government approval and completion of standard due diligence, to acquire equity in the 100% Cue owned North West Shelf exploration permits WA-409-P and WA-359-P in the Carnarvon basin, offshore Western Australia.

BP will acquire 80% equity and be Operator of WA-409-P and will fund 100% of the work programme required under the permit for the first three years of the licence renewal. BP also has an option through to May 2017 to acquire 42.5% equity in WA-359-P. If BP exercise this option, 50% of the cost of drilling a well in WA-359-P will be funded.

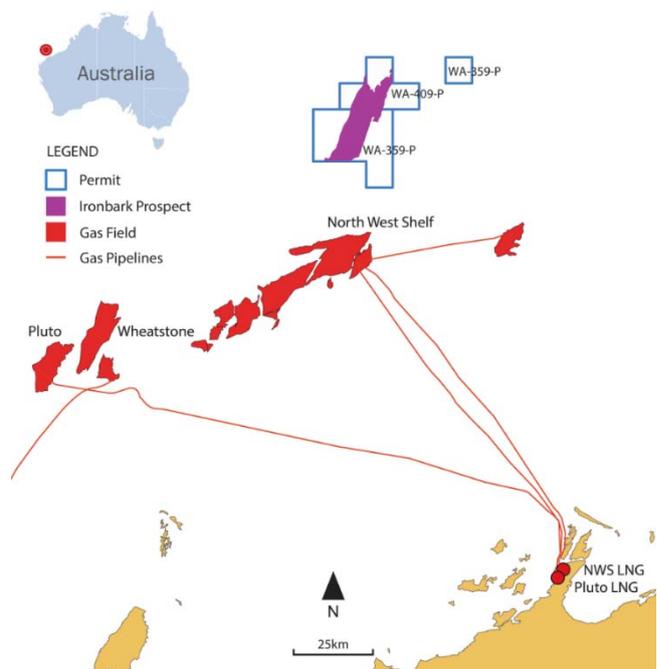
BP will assist Cue in securing a partner or partners with the credibility, funding and technical expertise to join them to drill an exploration well in WA-359-P, scheduled for the first half of 2018.

Post completion, the participants in WA-409-P will be:

BP Developments Australia Pty Ltd	80% (Operator)
Cue Exploration Pty Ltd	20%

Ironbark Prospect

Cue completed a comprehensive regional study using 15,000km² of 3D and 2D seismic data and 17 well ties to map the Triassic intra-Mungaroo sands (as encountered at the Gorgon gas field) and identified the Ironbark prospect, which straddles WA-359-P and WA-409-P in moderate water depths, as a drillable target.





Ironbark is a giant Mungaroo Formation prospect that is mapped with an area of up to 400km² with a best technical estimate of 15 Trillion cubic feet (Tcf) of prospective recoverable gas resource¹ based on an internal technical assessment performed by Cue.

Wood Mackenzie estimates that the North West Shelf LNG plant and infrastructure will have spare capacity from 2021. The Ironbark prospect is less than 50km from the North Rankin platform (North West Shelf LNG) and in close proximity to Pluto and Wheatstone LNG infrastructure, providing cost effective commercialisation options.

Cue Executive Chairman, Grant Worner, said:

“The Ironbark prospect has the potential to fundamentally alter the value of Cue. If Cue’s assessment is proven to be correct, Ironbark would be three times the size of the Scarborough, Wheatstone, or Pluto fields.

Cue welcomes BP’s technical expertise and knowledge of the Carnarvon Basin through their long participation in the North West Shelf Joint Venture and we look forward to working with them to attract an Operating Partner to drill the Ironbark-1 well.

In June Cue’s new Board announced a three-part strategy for the Company of; having a sustainable business operating within its means, delivering disciplined growth, and pursuing opportunities that offer step-change returns to shareholders. Our earlier announcements of a 40% reduction in overheads and administrative costs, a multi-year extension of our gas producing assets in Indonesia, and these agreements with BP show good progress in implementing all three elements of our strategy. I look forward to providing further updates in due course.”

¹Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

Any queries regarding this announcement should be directed to the Company on +613 8610 4000 or email mail@cuenrg.com.au.

A handwritten signature in black ink, appearing to read "Grant Worner", with a small dot at the end.

Grant Worner
Executive Chairman

13 October 2016

About Cue:

Cue is an Australian Stock Exchange (ASX:CUE) listed oil and gas exploration and production company. Cue’s FY16 revenue was A\$45.4million from oil production in the Maari field, offshore New Zealand and oil and gas production in Sampang PSC, Indonesia. Cue has operated and non-operated interests in exploration permits in the Carnarvon Basin, offshore Western Australia and onshore Indonesia.