



ABN 45 066 383 971

28 January 2015

PAGES (including this page): 19

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

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**Quarterly Report for the Period Ended 31 December 2014**

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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 & gas company with activities in Australia, New Zealand, Indonesia and PNG.

**THE COMPANY HAS:**

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

**CUE ENERGY DIRECTORS**

- Geoffrey King (Chairman)
- Stuart Brown
- Rowena Sylvester
- Andrew Young

**CUE ENERGY MANAGEMENT**

- David Biggs (CEO)
- Andrew Knox (CFO)
- Jeffrey Schull (Exp Man)

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**LISTINGS**

ASX: CUE

## SUMMARY OF ACTIVITIES

### Permit Activity

- Sale of PNG asset portfolio for US\$7 million completed.
- Cue has acquired a 100% working interest and operatorship of the Mahakam Hilir PSC, Indonesia, subject to government approval.

### Production

- Maari Growth Project proceeding with MR8A well currently on production and MR7A well currently drilling. Growth Project drilling expected to be completed in mid 2015.
- Sampang PSC well workover and compression installation underway which will extend field life of Oyong oil production and maintain gas production from Oyong and Wortel.

### Exploration

- Drilling planning underway for the Naga Selatan- 2 well in the Mahakam Hilir PSC in 2015.
- 12.5% interest acquired in the Mahato PSC in Indonesia (subject to government approval) with 2 wells planned for mid 2015.
- Cue has agreed to acquire 100% of WA-409-P and is compiling a prospect portfolio across both WA-409-P and its other 100% owned permit, WA-359-P with a view to farming out in 2015.

### Financial

- Quarterly Revenue:  
Revenue receipts from hydrocarbon production for the quarter were A\$7.34 million on sales of 22,868 barrels of oil at an average price of US\$83 per barrel and 799,301 thousand cubic feet (Mcf) of gas at an average price of A\$5.34 per Mcf.
- Cue has no hedging in place.
- Cue has no debt.
- Cash on hand at the end of the quarter is A\$37.10 million.

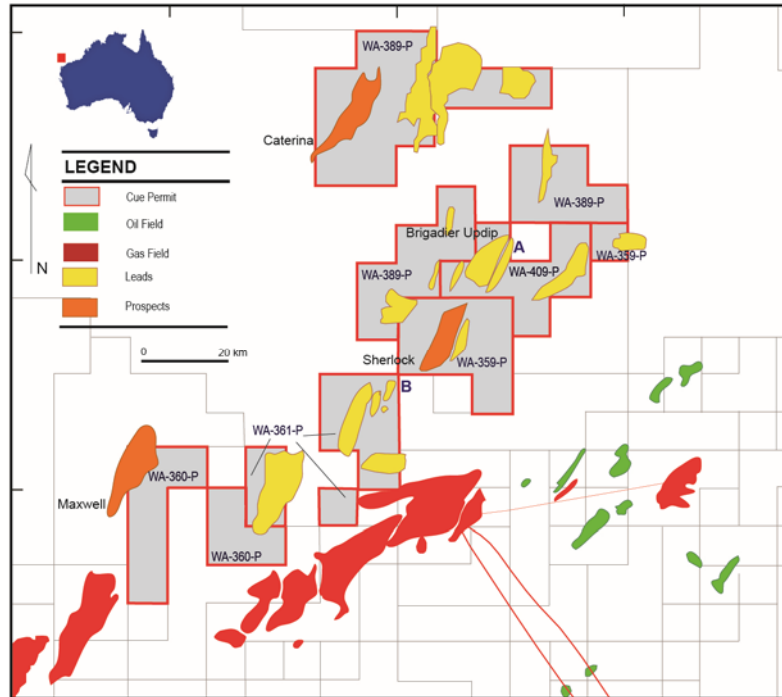
### Production & Financial Summary

		December 2014 Quarter	September 2014 Quarter	Change %
Production bbls (net to Cue)	<i>bbl</i>	38,865	46,071	(15.64)*
Production mcf (net to Cue)	<i>mmcf</i>	640.14	707.28	(9.49)
Liftings bbls (net to Cue receipts)	<i>bbl</i>	22,868	40,297	(43.25)*
Liftings mcf (net to Cue receipts)	<i>mmcf</i>	799.30	713.29	12.06
Total Revenue Receipts	<i>A\$m</i>	7.34	8.90	(17.53)
Production Expenditure	<i>A\$m</i>	3.92	3.65	7.40
Closing Cash Position	<i>A\$m</i>	37.10	38.97	(4.80)

\*Maari production and liftings reduced due to development and operational works.

# ACTIVITY REVIEW

## AUSTRALIA - Carnarvon Basin



### EXPLORATION

#### WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

Cue is evaluating the regional prospectivity in all of its WA permits and is maturing an exciting new play type.

Cue will market the permit as part of a farmdown of its portfolio of WA opportunities to interested parties in 2015. Additional technical work has been undertaken to lower the geologic risk on Sherlock, estimated to have a STOOIP of 300 million bbls.

#### WA-360-P

Cue Interest: 37.5%

Operator: MEO Australia Limited

The WA-360-P Joint Venture is completing the reprocessing of approximately 650 km<sup>2</sup> of existing 3D seismic data over the Maxwell prospect to improve imaging of the structure. On completion of the reprocessing, it is expected that activity to farm-down our interest in the permit will recommence before the end of the primary term of the permit in 2016. There is no well commitment in the primary term.

#### WA-361-P

Cue Interest: 15%

Operator: MEO Australia Limited

NOPTA has approved an application for a work programme variation to allow the Joint Venture to complete geotechnical studies ahead of making any commitment to drill a well. The reduced work programme term concludes on 30 January 2016.

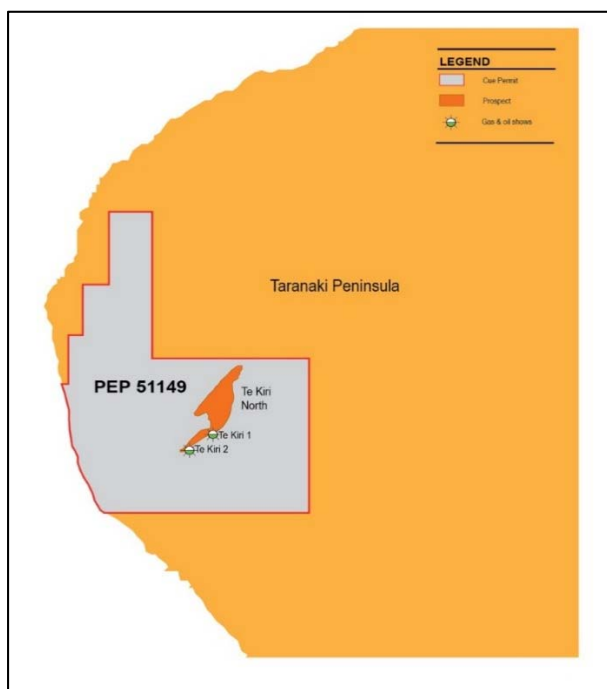
WA-389-P  
Cue Interest: 40%  
Operator: BHP Billiton Petroleum (Australia) Pty Ltd

Reprocessing of existing 2D and 3D seismic data has been approved by the JV and is expected to be complete in mid 2015.

WA-409-P  
Cue Interest: 30%  
Operator: Apache Northwest Pty Ltd

Cue is currently in the process of acquiring Operatorship and 100% interest in the Block due to the withdrawal of the other JV parties. An extension has been granted until the end of April 2015 to complete the evaluation of the Block using the seismic data reprocessed by Apache in 2014. There is currently no well commitment on the Block.

## NEW ZEALAND - Taranaki Basin



### EXPLORATION

PEP 51149

Cue Interest: 20%

Operator: Todd Exploration Limited

The drilling of the Te Kiri North-1 well is expected in Q4 2015. The well will be deviated from the surface location to intersect a potentially oil-bearing objective in the Miocene-age Mount Messenger Formation and a deeper Eocene-age gas-bearing objective. Te Kiri North-1 will be drilled up dip of hydrocarbon shows in the Te Kiri-1 well. Cue's estimate of the mean prospective recoverable resource of the well is 2 million boe net to Cue. Existing infrastructure nearby will facilitate early commercialization in a success case.

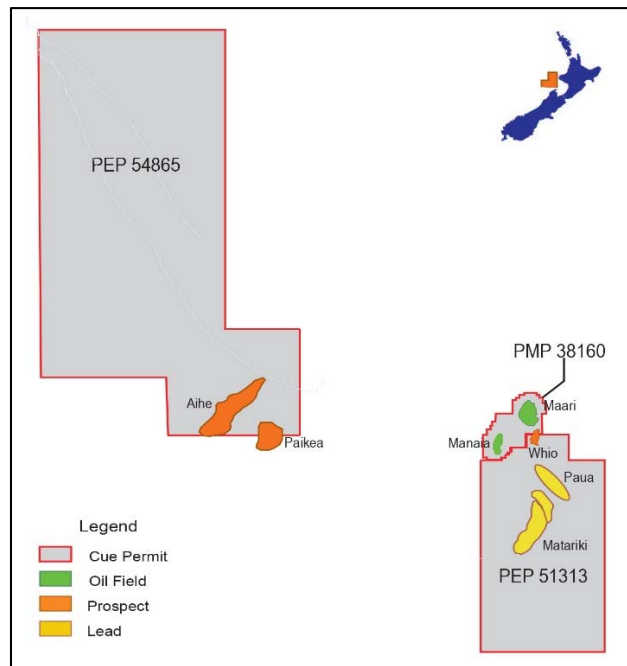
PEP 54865

Cue Interest: 20%

Operator: Todd Exploration Limited

The permit carries a minimum work program of 285 km<sup>2</sup> of 3D seismic to be acquired, processed and interpreted prior to June 2015. After this, the Joint Venture may elect to drill a well before December 2016 to test Early Tertiary and Late Cretaceous reservoir objectives, or surrender the permit. Planning for the 3D seismic survey has commenced, however, data acquisition may be deferred until 2016 pending government approval and boat availability.

The Joint Venture is seeking a farminee to fund the seismic programme.



**PEP 51313**

Cue Interest: 14% interest

Operator: OMV New Zealand Limited

The JV is focused on the remaining potential associated with the Matariki trend which is up-dip of Maari. Studies will be undertaken in 2015 to determine the best approach to seismic processing to mature a potentially drillable prospect.

## PRODUCTION

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 18,895 barrels which generated A\$1.87 million in revenue received.

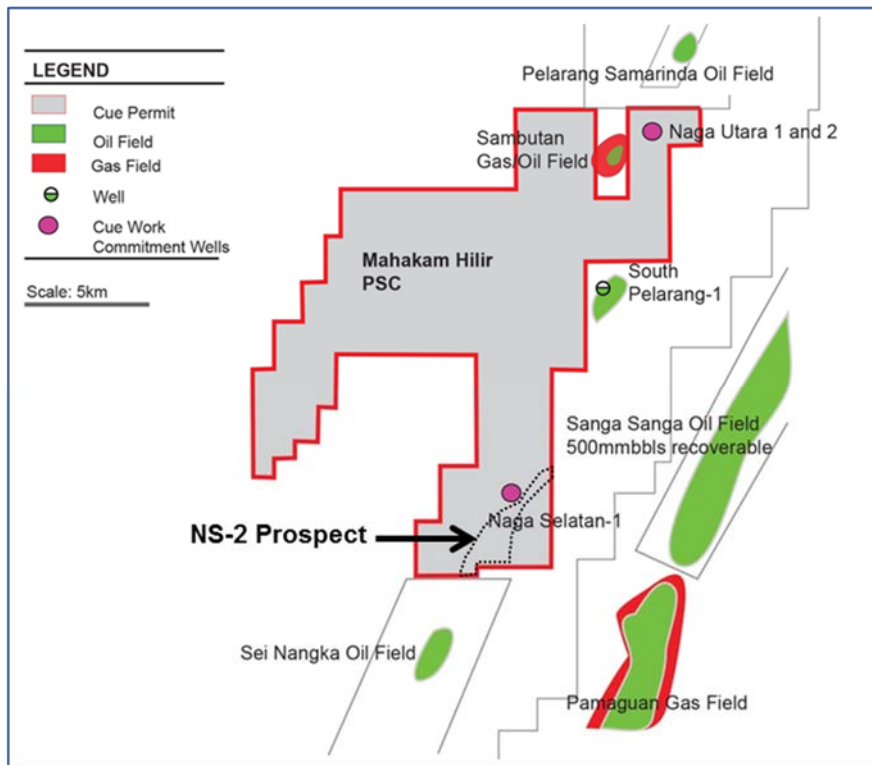
The average oil production rate was approximately 6,545 gross barrels per day (Cue net: 327 bopd).

Maari Growth Project activities continued through the quarter. The Ensco 107 jack-up rig is contracted for the drilling and work-over campaign. The MR6A well has been drilled to top reservoir and temporarily suspended due to drilling conditions which required procurement of additional equipment to complete the well for later re-entry. The MR8A well is now on production as is the MR5 well following a successful work-over. The MR7A development well is currently being drilled and will be followed by the planned completion of the MR6A well, the drilling of another development well and a water injector. Production is expected to fluctuate whilst drilling the development wells as operations require individual wells to be temporarily shut in.



*Ensco 107 at Maari WHP*

# INDONESIA



## EXPLORATION

Mahakam Hilir PSC

Kutei Basin

Cue Interest: 100% (subject to government approval)

Operator: SPC (Mahakam Hilir) Pte Ltd

Cue has entered into, subject to government approvals, a sale and purchase agreement to move to 100% interest in the Mahakam Hilir PSC in the prolific Kutei Basin onshore Kalimantan, Indonesia. Cue will purchase SPC Mahakam Hilir Pte Ltd, which holds the remaining 60% interest in the Mahakam Hilir PSC. Cue will assume operatorship with a 100% interest in the PSC and drill the remaining commitment well in the PSC.

As part of an internal review of options around the permit Cue has identified a robust drill-ready oil prospect, Naga Selatan -2 (Southern Dragon) which has encouraged Cue to move to a 100% interest in the permit.

This oil prospect lies along trend from the large Sei Nangka and South Pelarang oil fields. The multiple targets are shallow, located at approximately 1000'-3000' TVD. Additional exploration objectives have also been identified on the existing seismic data.

Drilling programme preparations have commenced and the well is planned for 2015.

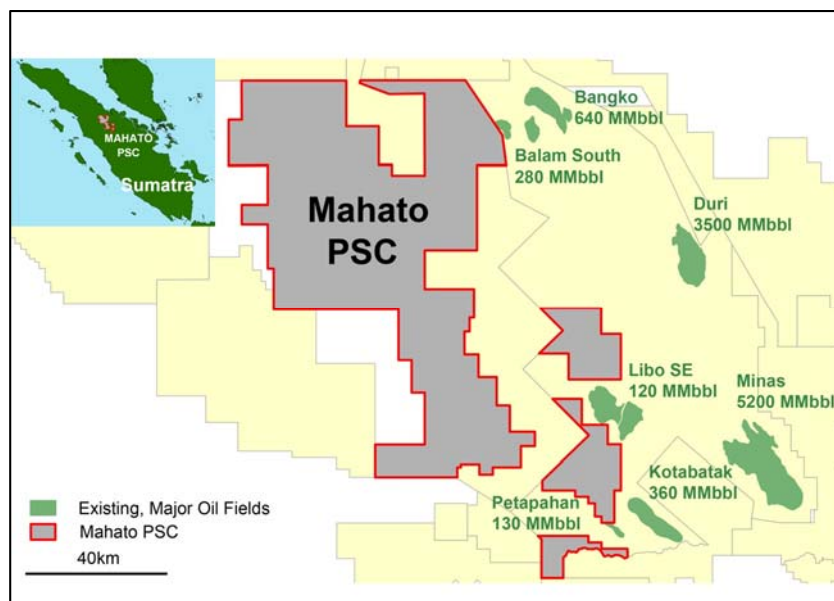
This marks Cue's first entry as a drilling operator. This acquisition complements the continuing expansion of our Indonesian acreage portfolio.



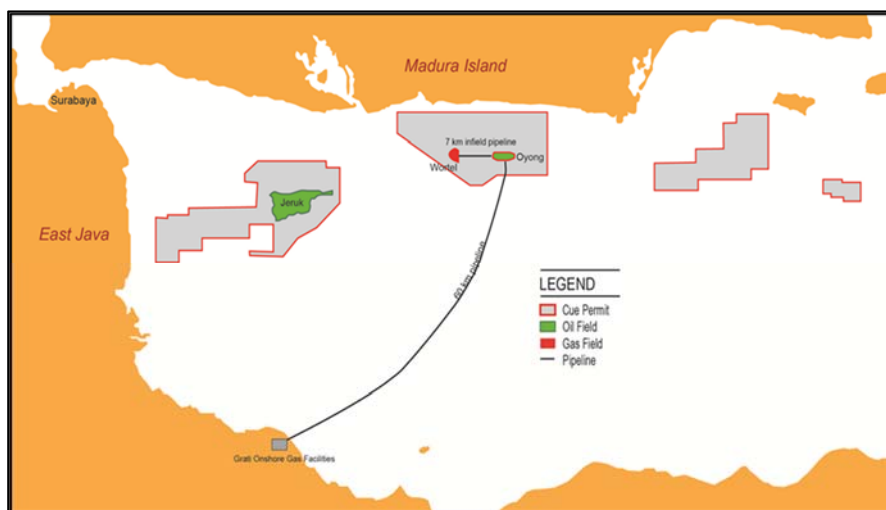
Mahato PSC  
Central Sumatra Basin  
Cue Interest: 12.5% (subject to approval)  
Operator: Texcal Mahato Ltd

On the 21 November 2014, Cue announced the execution of a farm-in agreement with Bukit Energy to acquire a 12.5% interest in the Mahato PSC, onshore Central Sumatra, Indonesia. This transaction is currently pending Indonesian Government approval, which is expected this quarter.

The Mahato PSC covers a highly prospective area, close to several large producing oil fields. Multiple appraisal and exploration opportunities have been mapped and 2 wells are currently planned for mid 2015. A 2D seismic programme to high grade further exploration prospects is also planned for 2015.



## PRODUCTION



### Sampang PSC- Madura Strait

Cue Interest: 15%

Operator: Santos (Sampang) Pty Ltd

### Oyong Field

During the quarter, Cue's share of condensate sales receipts was A\$0.006 million from the sale of 92 barrels and gas sales receipts was A\$0.742 million from the sale of 232,588 Mcf. Cue did not lift any Oyong oil in the quarter.

The Oyong average oil production rate for the quarter was 1,318 bopd (gross) and the gas average rate was 25.76 MMscfd (gross) (Cue net: 71 bopd/2.38 MMscfd - both net of government take under the PSC.)

Based on continued improved production rates, the Joint Venture approved extension of the contracts for the Oyong production barge and FSO until September 2015. A programme of well interventions and recompletions is currently underway. The planned workovers are expected to improve Oyong oil production and extend field life for an additional 1-2 years until 2017.

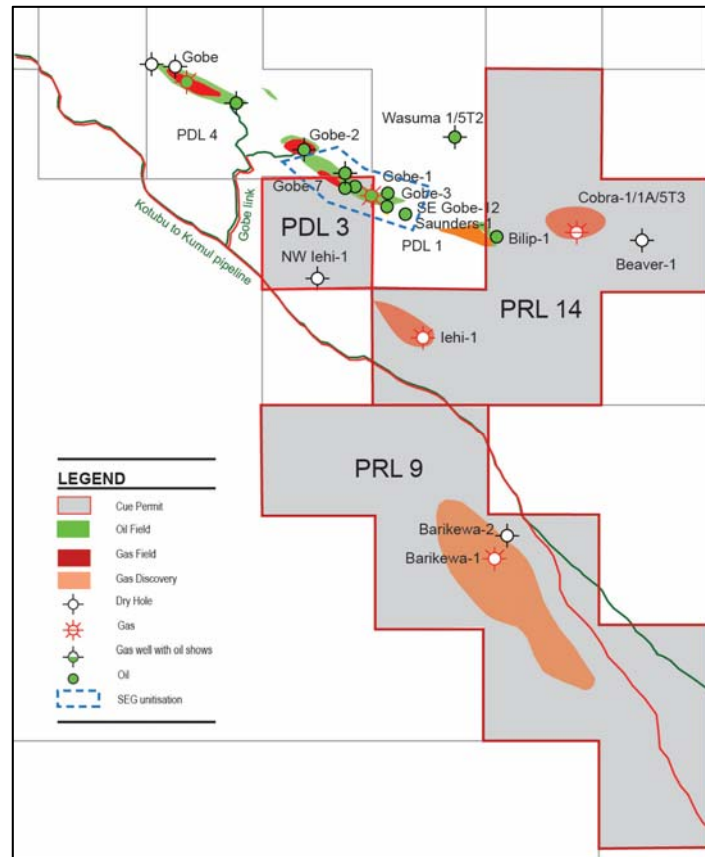
### Wortel Field

During the quarter, Cue's share of condensate sales receipts was A\$0.008 million from the sale of 144 barrels and gas sales receipts was A\$4.31 million from the sale of 566,713 Mcf.

Wortel-3 and Wortel-4 flowed gas at a combined average rate of 42.13 MMscfd (gross) during the quarter (Cue net 4.57 MMscfd net of government take under the PSC.)

The Joint Venture has approved the installation of compression at the Grati gas plant which will ensure that the Wortel project will continue to meet its gas sales contract volumes. Installation of the compressors is progressing and is scheduled to be complete by end Q1 2015.

# PAPUA NEW GUINEA



## EXPLORATION

PRL14 (10.947% interest)  
 Operator: Oil Search (PNG) Limited  
 No significant activity to report.

PRL9 (14.894% interest)  
 Operator: Oil Search (PNG) Limited  
 No significant activity to report.

## PRODUCTION

PDL 3 SE Gobe Field, PNG  
 Cue Interest: 5.568892%  
 SE Gobe Unit, PNG  
 Cue Interest: 3.285646% Operator: Oil Search (PNG) Limited

Cue's share of oil sales was 3,737 barrels of oil from the SE Gobe field during the quarter, which generated A\$0.404 million in revenue received.

Cue has sold its PNG interests to the National Petroleum Company of Papua New Guinea. The sale proceeds of US\$7 million for Cue's PNG asset portfolio have been received. This will be the last report referring to Cue's PNG interests.

## CORPORATE

Cue welcomes New Zealand Oil & Gas Limited as a new substantial shareholder with 19.99% of the ordinary shares on issue.

With effect from 31 December 2014, Cue has delisted from the OTCQX.



*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.*

## CORPORATE DIRECTORY

### DIRECTORS:

GJ King (Non Exec. Chairman)  
RA Sylvester (Non Exec. Director)  
AA Young (Non Exec. Director)  
SA Brown (Non Exec. Director)

### CHIEF EXECUTIVE OFFICER:

DAJ Biggs

### CHIEF FINANCIAL OFFICER:

AM Knox

### ADMINISTRATION OFFICE:

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### AUDITORS:

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## SECURITIES EXCHANGE LISTINGS:

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525 Collins Street  
MELBOURNE, VICTORIA 3000

OTC Markets  
304 Hudson Street 3rd Floor  
New York, NY 10013-1015

### SHARE REGISTER:

AUSTRALIA  
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Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria 3067 Australia  
GPO Box 2975  
Melbourne, Victoria 3000 Australia  
Telephone: 1300 850 505 (within Australia)  
or +61 3 9415 4000 (outside Australia)  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Website: [www.computershare.com.au](http://www.computershare.com.au)

# 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")

31 December 2014

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date 6 months \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	7,345	16,252
1.2 Payments for (a) exploration and evaluation (refer 2.2)	(9,266)	(13,157)
(b) development	(5,564)	(9,675)
(c) production	(3,922)	(7,573)
(d) administration	(1,198)	(2,916)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	32	63
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Hedging	-	-
<b>Net Operating Cash Flows</b>	<b>(12,573)</b>	<b>(17,006)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(7)
1.9 Proceeds from sale of:		
(a) prospects	8,536	8,536
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,044)</b>	<b>(8,477)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(4,044)	(8,477)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (refer 3.1(i))	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share Issue Costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(4,044)	(8,477)
1.20	Cash at beginning of quarter/year to date	38,971	40,558
1.21	Exchange rate adjustments to item 1.20	2,176	5,022
1.22	<b>Cash at end of quarter</b>	37,103	37,103

**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	187
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

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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.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,178
4.2 Development	2,758
4.3 Production	3,509
4.4 Administration	1,482
<b>Total</b>	<b>10,927</b>

### Reconciliation of cash

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.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	336	462
5.2 Deposits at call	36,767	38,509
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>37,103</b>	<b>38,971</b>

### 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	PRL 14	Working	10.947%	-
	PDL 3	Working	5.568892%	-
	PRL 9	Working	14.894%	-
	SE Gobe Field Unit	Working	3.285646%	-
6.2 Interests in mining tenements acquired or increased	Mahakam Hilir PSC	Working	40%	100%
	Mahato PSC	Working	-	12.5%



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	698,119,720	698,119,720	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	-	-	-	-
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures (totals only)</b>	-	-	-	-
7.12 <b>Unsecured notes (totals only)</b>	-	-	-	-

**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: 28 January 2015

Chief Financial 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.

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**QUARTERLY REPORT OF CONSOLIDATED CASHFLOWS**  
**- QUARTER ENDED 31 DECEMBER 2014**

**Amended List of Mining Tenements**

<b>PERMIT</b>	<b>OPERATOR</b>	<b>LOCATION</b>	<b>CUE INTEREST (%)</b>
<b>Petroleum Properties</b>			
<b>Indonesia</b>			
Sampang PSC <sup>(i)</sup>	Santos (Sampang) Pty Ltd	Madura Strait Offshore	15.00
Mahakam Hilir PSC <sup>(ii)</sup>	SPC (Mahakam Hilir) Pte Ltd	Kalimantan Onshore	100.00
Mahato PSC <sup>(iii)</sup>	Texcal Mahato Pte Ltd	Central Sumatra	12.50
<b>Australia</b>			
WA-359-P	Cue Exploration Pty Ltd	Carnarvon Offshore	100.00
WA-360-P	MEO Australia Limited	Carnarvon Offshore	37.50
WA-361-P	MEO Australia Limited	Carnarvon Offshore	15.00
WA-389-P	BHP Billiton Petroleum (Australia) Pty Ltd	Carnarvon Offshore	40.00
WA-409-P	Apache Northwest Pty Ltd	Carnarvon Offshore	30.00
<b>New Zealand</b>			
PMP 38160	OMV New Zealand Limited	Taranaki Offshore	5.00
PEP 51313	OMV New Zealand Limited	Taranaki Offshore	14.00
PEP 51149	Todd Exploration Limited	Taranaki Onshore	20.00
PEP 54865	Todd Exploration Limited	Taranaki Offshore	20.00
(i)	Economic interest in the Jeruk field		8.181818
(ii)	60% subject to government approval		
(iii)	Subject to government approval		