



Cue Energy Resources Limited

A.B.N. 45 066 383 971

31 January 2013

PAGES (including this page):16

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

Quarterly Report for the Period Ending 31 December 2012

Attached please find Cue Energy Resources Limited 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 projects 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)
- Timothy Dibb
- Steve Koroknay
- Paul Moore
- Andrew Young
- Richard Tweedie

CUE ENERGY MANAGEMENT

- Andrew Knox (CFO)
- David Whittam (Exp Man)

OFFICE

Level 21
114 William Street
Melbourne Vic 3000

CONTACT DETAILS

Tel: +61 3 9670 8668
Fax: +61 3 9670 8661

EMAIL

mail@cuenrg.com.au

WEBSITE

www.cuenrg.com.au

LISTINGS

ASX:	CUE
NZX:	CUE
POMSOX:	CUE
ADR/OTCQX:	CUEYY



Cue Energy Resources Limited

ABN 45 066 383 971

QUARTERLY REPORT

FOR THE QUARTER ENDING: 31 December 2012
(ASX: CUE, NZX: CUE, POMSOX: CUE, ADR/OTCQX: CUEYY)

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.

QUARTERLY REPORT FOR THE QUARTER ENDING 31 December 2012

HIGHLIGHTS

Exploration

- WA-359-P NW Shelf WA renewed for a five-year term; Cue has assumed operatorship and 100% equity in the permit with significant structural traps identified.
- Award of PEP 54865 in the Taranaki Basin, NZ; increases Cue's exposure to emerging new plays in New Zealand's key petroleum province.
- Farm-out of PEP 51313 in the Taranaki Basin to OMV; Cue will be 100% carried through the drilling of the first well on the Whio prospect. The Kan Tan IV drilling rig has been contracted for at least 2 wells (including Whio) commencing late 2013.

Development

- The Maari second stage development is progressing to fully develop this significant resource and will increase production in 2014.

Corporate

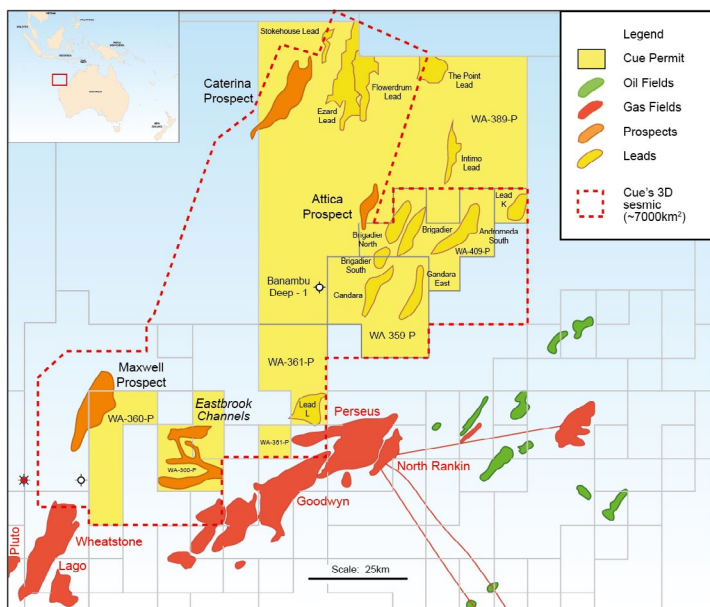
- At the last Annual General Meeting, Cue Energy Resources announced the retirement of two Directors; Leon Musca did not offer himself for re-election and Richard Tweedie stood down as Chairman after 11 years in the position, indicating he would be retiring from the Board this year.
- In November Mark Paton, the Chief Executive of the company for the past 20 months, tendered his resignation to pursue other activities. While a search for a replacement CEO and Chairman progresses, Andrew Young has taken up the role as Executive Director and function as Chief Executive and Geoff King as Chairman. Both men have significant experience in the industry and have overseen many operations, in common with the rest of the Board, as both executives and directors in companies over periods of significant growth.
- In January the Board and Management of Cue met to develop a coherent strategy for the company to follow in the near term, focusing on maximising the value of existing producing assets, evaluating static resources, moving them to the reserves category and maturing the exploration acreage to drill prospects in the near future. This strategy is being developed with a solid plan for company expansion and growth into exploration opportunities that should accelerate success.
- With a strategy focused on rigorous analysis and a disciplined approach to evaluating existing projects and new opportunities, Cue is enhancing its people and assets to capture maximum value for its shareholders.
- The company is debt free, has a strong cash balance (\$44m), has strong positive cash flow, and is poised to take advantage of opportunities which meet the company's defined strategy and grow as a solid mid cap company.

Financial

- Quarterly Revenue
Revenue receipts from hydrocarbon production for the quarter were A\$16.75 million on sales of 98,891 barrels of oil at an average price USD112.70 per barrel and 1,370,982 thousand cubic feet(Mcf) of gas at an average price AUD4.45 Mcf.
- Cue has no hedging in place.
- Cue has no debt.
- Cash on hand at the end of the quarter is A\$44.39 million.

ACTIVITY REVIEW

AUSTRALIA - Carnarvon Basin



Cue has over 7,000km² of modern 3D seismic data over the North Carnarvon Basin and is re-evaluating all permits with this data and integrating all recent key well data, including Banamburu Deep-1. This work will reinvigorate Cue's prospects and leads inventory in this highly prospective petroleum province.

WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

WA-359-P has been renewed for a second five-year term which commenced on 26th October 2012 and carries a commitment to drill a well in the third year of the renewal, expected 2015. The renewed permit covers an area of 645 km².

The existing joint venture partners elected not to continue into the renewal and assigned their interests to Cue; this dealing was approved by NOPTA on 9th December 2012.

Cue has identified good potential for both oil and gas in the permit. Structural traps with Triassic-aged reservoirs that have the potential to hold approximately 1 TCF of gas have been recognised on the existing 3D seismic data. Cue has embarked on a program of data reprocessing and seismic inversion to firm-up a drilling location for a likely well in 2015.

Cue plans to farmdown its interest in the permit, commencing later this year, bringing in a partner capable of operating the drilling phase of the work program.

General studies were carried out on the remaining Cue blocks in the past quarter:

WA-409-P

Cue Interest: 35%

Operator: Apache Northwest Pty Ltd

WA-360-P

Cue Interest: 37.5%

Operator: MEO Australia Ltd

WA-389-P

Cue Interest: 35%

Operator: Woodside Burrup Pty Ltd

WA-361-P

Cue Interest: 15%

Operator: MEO Australia Ltd

NEW ZEALAND - Taranaki Basin

PEP 51313

Cue Interest: 14% interest

Operator: Todd Exploration Ltd/OMV New Zealand Ltd

In late November, the PEP 51313 Joint Venture agreed to farm-out a 30% interest in the permit to OMV New Zealand Ltd. OMV will earn its interest by funding all of the drilling, testing and completion of the first well on the Whio prospect which is located approximately 4 km from the Maari production facilities. OMV will assume the operatorship of the permit (from Todd Exploration) at the beginning of April 2013. Cue will retain a 14% interest in the permit.

In the event that Whio is a commercial discovery (or additional activity is required to determine commerciality), OMV will increase its interest to 69% within a pre-defined area of the permit that covers the Whio prospect. Cue will, in this event, retain a 5% interest in a Whio development and the oil will flow through the Maari facilities at minimal cost.

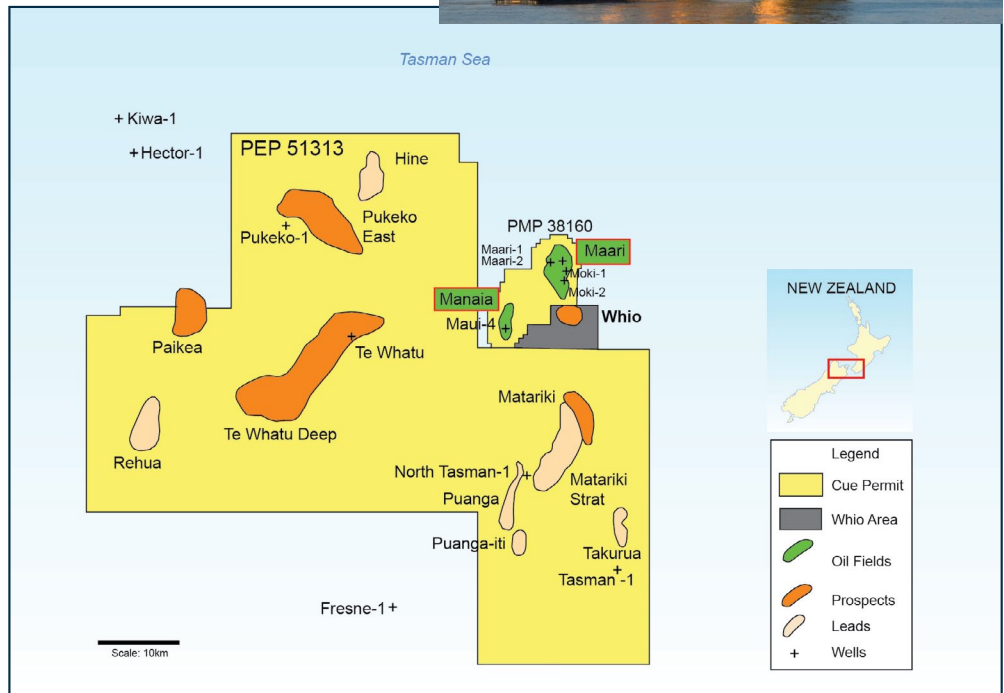
It is anticipated that the Whio well will spud in late 2013 or early 2014, depending on the timing of the arrival of the Kan Tan IV rig in the Taranaki Basin. New Zealand Petroleum and Minerals has recently agreed to extend the deadline for drilling the Whio well until July 2014.

The Joint Venture has committed to acquire and process 450 km² of 3D seismic in the Te Whatu area of the permit which will fulfill the work program for Year 4 of the permit. The original JV partners will acquire and pay for this program. The data will be acquired by SeaBird Exploration during the first quarter of 2013. The new data

will be used to mature the Pukeko North-East and Te Whatu Deep prospects and select a drilling location for a well that is required before July 2014 to fulfill the permit work program. It is expected that this well will be drilled from the Kan Tan IV in the first half of 2014.

Processing of the Maari 3D survey acquired in 2012 is ongoing, with delivery of the final data volume expected in early April 2013. The data will be used in Maari development planning, the selection of a drilling location for Whio, and follow-up to a Whio discovery.

Drilling Rig Kan Tan IV



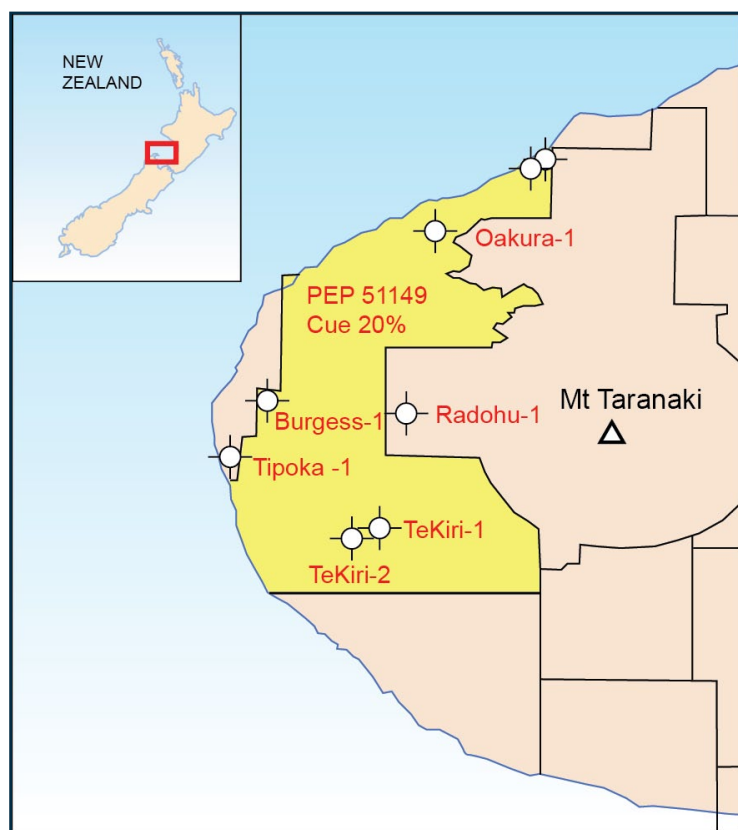
PEP 51313: Prospects and Leads Map

Cue continues to view PEP 51313 as an important component of its exploration portfolio with potential to deliver both material new discoveries in the emerging Paleocene and Late Cretaceous plays in the western part of the permit and add incremental reserves to the Maari development with relatively low-risk, near-field prospects such as Whio.

Estimates of the range of potential undiscovered oil in place for the Whio, Te Whatu and Pukeko North East prospects are shown below.

	P90	P50	P10	Mean
Te Whatu	42	137	399	187
Pukeko North East	23	78	237	111
Whio	21	39	110	42

Table 1: PEP 51313 Potential Undiscovered Petroleum Initially In Place (million bbls)



PEP 51149

Cue Interest: 20%

Operator: Todd Exploration Limited

Reprocessing of the existing 3D seismic data covering the Te Kiri prospect using pre-stack depth migration (PSDM) was completed in Q4 2012. The aim of the reprocessing is to provide improved resolution of the velocity anomaly over the Te Kiri North feature and potentially reduce the trap risk of the prospect.

During the quarter, New Zealand Petroleum and Minerals approved the relinquishment of the offshore portion of the permit (the Pungerahu area) as required under the permit conditions. The permit now has acreage of 438 km².

Map of New Zealand Permit 51149

PEP 54865

Cue Interest: 20%

Operator: Todd Exploration Limited

The award of PEP 54865 to Cue Taranaki Pty Ltd was announced on 11 December 2012. The award is one of ten new permits arising from New Zealand's 2012 Block Offer. The permit is located adjacent to PEP 51313 in the western portion of the Taranaki Basin and is valid for five years. PEP 54865 covers an area of approximately 2,475 km².

The permit carries a minimum work program of 285 km² of 3D seismic to be acquired, processed and interpreted prior to June 2015, at which point 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.

Map of New Zealand Permit 54865

PEP 54865 complements Cue's existing acreage holdings in the Taranaki Basin, principally as immediate offset acreage to PEP 51313 prospectivity. The work program is structured to allow the Joint Venture to quickly mature potential drilling candidates, but defer the decision to enter the drilling phase of the permit until after the results of exploration activities in adjacent blocks become available.

PMP 38160
Cue Interest: 5%
Operator: OMV New Zealand Ltd

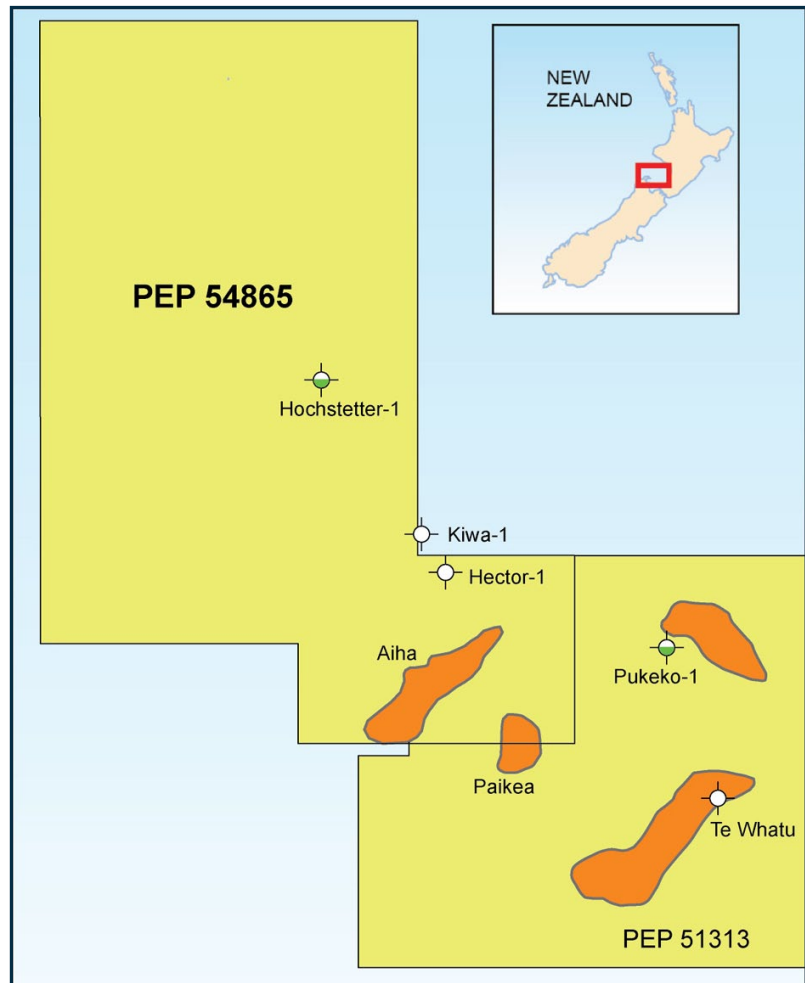
Maari and Manaia Fields

Cue's net share of oil sales receipts in the quarter from the Maari and Manaia fields was 55,040 barrels which generated A\$6.12 million in revenue. Oil from Maari and Manaia is being commingled and produced jointly.

At the end of October, cumulative field production reached 20 million barrels of oil. Average production during the quarter was approximately 6,750 bopd (Cue share 337 bopd), with volumes down due to workovers to replace submersible pumps and increasing water cut in two of the producing wells. The field was shut-in for five days in mid-December for routine scheduled maintenance. Although there was unscheduled downtime early in the quarter rates returned to normal late in the quarter at approximately 9,000 bopd.

In November, the Maari Joint Venture agreed to exercise an option in the FPSO lease contract to purchase the FPSO Raroa from Tanker Pacific Offshore Terminals Ltd. Upon completion of the purchase in March 2013, operation of the facilities will be by a third party contractor, Modec.

Planning for the second phase of Maari development is continuing. The Kan Tan IV semi-submersible drilling rig has been secured for a multi-well program in New Zealand and the operator is currently negotiating a contract for a jack-up rig. The semi-sub will be available for appraisal activity on the Manaia field/Manaia-2, whilst the jack-up will be exclusively used for field redevelopment activities.



INDONESIA

Sampang PSC- Madura Strait

Cue interest 15%

Operator: Santos

Oyong Field

Cue's share of oil sales receipts from the Oyong field was 37,321 barrels which generated A\$3.92 million in revenue; condensate sales receipts were 215 barrels, which generated A\$0.014 million in revenue and gas sales receipts of 619,108 Mcf which generated A\$1.614 million in revenue received during the quarter.

The Oyong oil production rate is currently around 2,500 bopd (gross) and the gas rate is 38 MMscfd (gross).

Wortel Field

Cue's share of gas sale receipts during the quarter was 751,874 Mcf, which generated A\$4.42 million in revenue, condensate sales receipts was 367 barrels which generated A\$0.024 million in revenue.

Wortel-3 and Wortel-4 are both flowing at a combined rate of 47 MMscfd. The combined rate of Oyong and Wortel gas is 85 MMscfd (90 BBTU/d) (Billion British thermal units per day) which is equal to the contract quantity to be sold to PT Indonesia Power.



Oyong Production Facilities

Mahakam Hilir PSC

Kutei Basin

Cue Interest: 40%

Operator: SPC Mahakam Hilir Pte Ltd

Naga Utara

Planning for the 2013 drilling campaign is underway. The first well in the program will be Naga Utara-2 which is expected to spud in the second quarter. The well will evaluate the Naga Utara-1 gas discovery (drilled in the first quarter 2012) and will have the key objectives of acquiring information on potential flow rates, pay thickness and gas quality to fully characterise the resource. Following the gathering of additional data from the gas-bearing reservoirs seen in Naga Utara-1, the well will be deepened to intersect potential gas-bearing intervals below the known pay. Based on the data obtained from Naga Utara-1, Cue's preliminary estimate of mean contingent resources in the structure is expected to be 130 BCF. If successful it is intended to complete the well as a future producer.

PAPUA NEW GUINEA

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 receipts was 5,948 barrels of oil from the SE Gobe field during the quarter, which generated A\$0.64 million in revenue received.

The construction of facilities to process the associated gas and gas cap from SE Gobe continues. The gas will be exported to the PNG LNG gas pipeline and LNG processing plant from June 2014.

The gas export rate from the SE Gobe field is expected to be approximately 35 MMscfd for ten years from June 2014.



SE Gobe Production Facilities

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.

Andrew A Young
Executive Director

CORPORATE DIRECTORY

DIRECTORS:

G King (Non Exec.Chairman)
T Dibb (Non Exec.Director)
SJ Koroknay (Non Exec.Director)
P Moore (Non Exec.Director)
RG Tweedie (Non Exec.Director)
AA Young (Executive Director)

ADMINISTRATION OFFICE:

Level 21
114 William Street
MELBOURNE VIC 3000

Phone: (03) 9670 8668
Fax: (03) 9670 8661
Email: mail@cuenrg.com.au

REGISTERED OFFICE:

Level 21
114 William Street
MELBOURNE VIC 3000

AUDITORS:

BDO
Level 14, 140 William Street
MELBOURNE VIC 3000

SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange Ltd
525 Collins Street
MELBOURNE VIC 3000

New Zealand Exchange Limited
Level 2, NZX Centre, 11 Cable Street
PO Box 2959
WELLINGTON, NEW ZEALAND

OTCQX

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

Port Moresby Stock Exchange
Cnr of Champion Parade & Hunter Street
PORT MORESBY, PAPUA NEW GUINEA

SHARE REGISTER:

AUSTRALIA
Computershare Investor Services Pty Ltd
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
Website: www.computershare.com.au

PAPUA NEW GUINEA
Computershare Investor Services Pty Limited
C/- Kina Securities
Level 2, Deloitte Tower
Douglas Street
(PO Box 1141)
Port Moresby, National Capital District
Papua New Guinea
Telephone: +67 5 308 3888
Facsimile: +67 5 308 3899

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 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 6 months \$A'000
1.1 Receipts from product sales and related debtors	16,750	28,391
1.2 Payments for (a) exploration and evaluation (refer 2.2)	(2,910)	(3,773)
(b) development	(1,198)	(2,440)
(c) production	(4,542)	(7,649)
(d) administration	(2,135)	(3,129)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	79
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(147)	(245)
1.7 Other – Hedging	-	-
Net Operating Cash Flows	5,855	11,234
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	-	(14)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(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)		
Net investing cash flows	-	(14)
1.13 Total operating and investing cash flows (carried forward)	5,855	11,220

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	5,855	11,220
	Cash flows related to financing activities		
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	-	-
	Net financing cash flows	5,855	11,220
	Net increase (decrease) in cash held	5,855	11,220
1.20	Cash at beginning of quarter/year to date	38,186	33,733
1.21	Exchange rate adjustments to item 1.20	344	(568)
1.22	Cash at end of quarter	44,385	44,385

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	188
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

-

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.

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	3,492
4.2 Development	2,058
4.3 Production	4,750
4.4 Administration	1,360
Total	11,660

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	470	288
5.2 Deposits at call	43,915	37,898
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	44,385	38,186

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	-	-	-	-
6.2 Interests in mining tenements acquired or increased	WA-359-P PEP54865 PEP51313	Working Working Working	30% - 20%	100% 20% 14%

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 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	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 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	-	-	-	-
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:
 Chief Financial Officer

Date: 31 January 2013

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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Appendix 5B
Mining exploration entity quarterly report

APPENDIX A

QUARTERLY REPORT OF CONSOLIDATED CASHFLOWS
- QUARTER ENDED 31 DECEMBER 2012

Amended List of Mining Tenements

PERMIT	OPERATOR	CUE INTEREST (%)
Petroleum Properties		
Indonesia		
Sampang PSC ⁽ⁱ⁾	Santos (Sampang) Pty Ltd	15.00
Mahakam Hilir PSC	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	Cue Exploration Pty Ltd	100.00
WA-360-P	MEO Australia Limited	37.50
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	14.00
PEP 51149	Todd Exploration Limited	20.00
PEP 54865	Todd Exploration Limited	20.00
⁽ⁱ⁾ Economic interest in the Jeruk field		8.181818