



ABN 45 066 383 971

27 July 2016

PAGES (including this page): 14

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

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### Quarterly Report for Period Ended 30 June 2016

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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 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
- Andrew Knight
- Brian Smith

#### CUE ENERGY MANAGEMENT

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

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#### LISTINGS

ASX: CUE  
ADR/OTC: CUEYY

## SUMMARY OF ACTIVITIES

In June Cue announced its three strategic objectives to deliver short, medium, and long-term prosperity:

1. To have a **sustainable business** operating within its means;
2. To deliver **disciplined growth**; whilst
3. Pursuing opportunities that offer **step-change returns** to shareholders.

### Sustainable Business

- \$20.49 million cash on hand at the end of the quarter with no debt and approximately two-thirds of revenue emanating from non-oil linked gas sales which are not affected by current low oil prices.
- Total net production in the quarter of 173,747 barrels of oil equivalent (boe) comprised of 57,029 barrels (bbls) and 700 million cubic feet (mmcf).
- Revenue receipts from hydrocarbon production for the quarter were \$9.63 million on sales of 67,639 bbls of oil at an average price of US\$40 per barrel and 630 mmcf of gas at an average price of \$8.76 per thousand cubic feet (Mcf).
- **Indonesia:** Oyong and Wortel fields (Sampang PSC) continue strong production, with total combined average gross rates of 907 bopd and 67 mmcf per day during the quarter.
- **New Zealand:** Maari (PMP 38160) gross field production varied between ~9,000-13,000 barrels of oil per day (bopd) during the quarter.
- Actions to lower the Company's overheads and to have a more focused portfolio are underway.

### Disciplined Growth

- **Indonesia:** A Sampang PSC Sustainability Project is underway to potentially extend field life for the Oyong and Wortel Fields by 2 years or more.
- **Indonesia:** A 4 year extension to the exploration phase of the Mahakam Hilir PSC has been granted by SKKMIGAS. The exploration well in the March quarter has now been fully paid and preparations are underway for airborne gravity gradiometry and LIDAR data to be acquired in the September quarter.
- **Indonesia:** Cue is limiting its exploration expenditure on the Mahato PSC until the Company's legal rights are protected.
- **New Zealand:** The FPSO mooring upgrade project was completed on time and within budget whilst the water injection line repair program has been deferred to November.
- **New Zealand:** Cue is progressing the withdrawal from all exploration permits in New Zealand.
- **USA:** Cue will initiate a divestment process for its Pine Mills asset in the September quarter.

### Step Change Opportunities

- **Australia:** Application for renewal of WA-409-P has been submitted to NOPTA. Farmout of the Ironbark prospect over WA-359-P and WA-409-P is progressing.
- **Australia:** Reprocessed seismic data over the WA-389-P permit is being used to high grade the prospect portfolio.

## Production & Financial Summary

### KEY PERFORMANCE METRICS

		Jun Quarter Q4 FY16	Mar Quarter Q3 FY16	Change %
Oil Production (net to Cue)	bbl	57,029	69,220	(17.61)
Gas Production (net to Cue)	mmcf	700	725	(3.47)
Oil Liftings (net to Cue receipts)	bbl	67,639	77,039	(12.20)
Gas Liftings (net to Cue receipts)	mmcf	630	801	(21.40)
Total Revenue Receipts	\$m	9.63	11.04	(12.77)
Production Expenditure	\$m	4.81	3.37	42.73
Closing Cash Position	\$m	20.49	22.40	(8.53)

## 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 43,031 bbls which generated \$2.25 million in revenue received.

The average oil production rate in the quarter was approximately 8,959 gross bopd (Cue net: 448 bopd), which was impacted by shut in and restart periods

The Maari FPSO mooring line upgrade was completed in May on schedule and within budget. The water injection line repair was deferred until later in the year due to a request from the work boat operator and is now planned for Dec 2016. A

multi-well work-over campaign is ongoing as planned with the highlight so far being the MR8A well additional perforation works with the well now producing ~1600 bopd. A similar workover is planned for the MN1 well in late August. While production during the mooring intervention continued, some wells were shut-in for short durations for operational reasons, resulting in a daily gross production range of ~9000 to 13,000 bopd during the quarter.

The water injection line repair is now scheduled to be completed in December, 2016. Once water injection is reinstated, daily production should be enhanced due to resumed pressure support for key producers. Once the field projects are completed and benefits from the well work-over campaign and water injection are realised the production from the field should be optimised and stable. Production is expected to be ~12,000 bopd average for the remainder of calendar 2016.



## PRODUCTION - INDONESIA

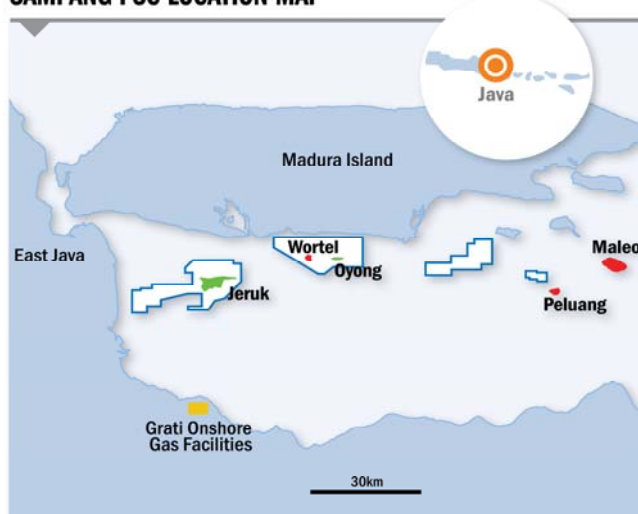
### Sampang PSC- Madura Strait

**Cue Interest: 15%**

**Operator: Santos (Sampang) Pty Ltd**

The gross combined average production from Oyong and Wortel for the quarter was 907 bopd and 66 mmcf/day. Facility studies are ongoing to optimise recovery and extend field gas production from Oyong and Wortel. The Operator (Santos) is currently finalising a Sampang Sustainability Project to potentially extend Field life by 2 years or more. Exploration targets are being assessed by the JV as part of this initiative and more information regarding project approval is expected on these two activities in the current quarter.

**SAMPANG PSC LOCATION MAP**



**LEGEND**

- Cue Permit
- Oil Field
- Gas Field

### Oyong Field

During the quarter Cue's share of gas sales receipts was \$1.79 million from the sale of 184 mmcf.

Cue's share of oil sales receipts was \$1.07 million from the sale of 17,286 bbls and condensate sales receipts was \$2,466 from the sale of 79 bbls.

The Oyong average oil production rate for the quarter was 907 bopd (gross) and the daily gas average rate was 25.37 mmcf/day (gross) (Cue net: 118 bopd and 3 mmcf/day - both net of government take under the PSC).

### Wortel Field

During the quarter Cue's share of gas sales receipts was \$4.17 million from the sale of 446 mmcf. Cue's share of condensate sales from the Wortel field was 174 bbls which generated \$5,079 in revenue.

Wortel-3 and Wortel-4 flowed gas at a combined average daily rate of 41.52 mmcf/day (gross) during the quarter (Cue net 5 mmcf/d net of government take under the PSC.)

Extension of the gas production from the Wortel field is being assessed as part of the life extension project mentioned above, to optimise the total production from the Sampang PSC.

## PRODUCTION - USA

### Pine Mills – East Texas

**Cue Interest: 80%**

**Operator: Cue Resources, Inc**

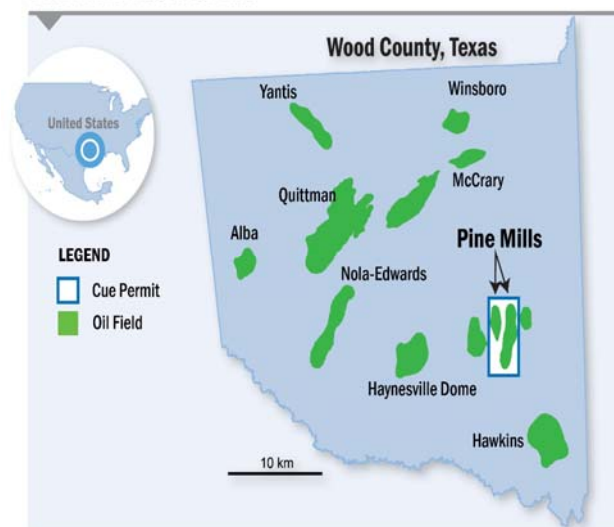
Cue operates the Pine Mills field and has implemented several initiatives to reduce costs and increase daily production. These production enhancement activities are showing signs of success, with consistent production rates above 100 bopd (gross) observed during the quarter.

Oil sales in the quarter from the Pine Mills field were 7,069 bbls which generated \$0.34 million in revenue received.

The average gross oil production rate for the quarter was approximately 96 gross bopd (Cue net: 59 bopd).

Cue has announced its intention to divest the Pine Mills asset and preparations are underway to conduct a divestment process.

**PINE MILLS LOCATION MAP**



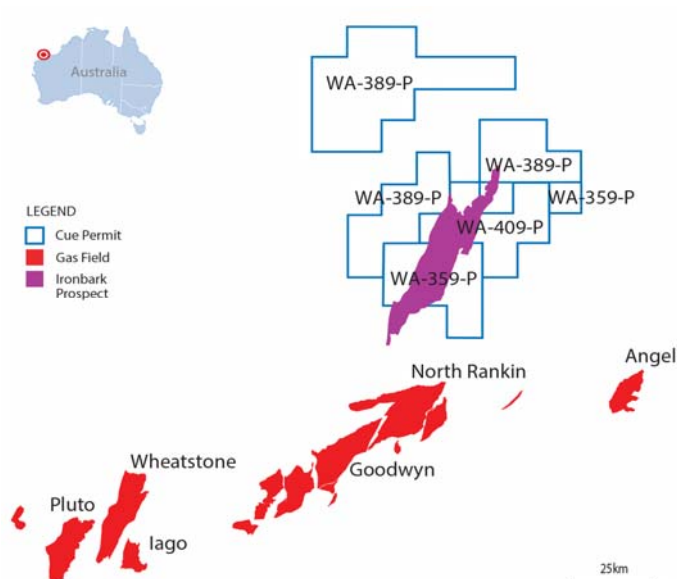
## EXPLORATION - AUSTRALIA

### WA-359-P

**Cue Interest: 100%**

**Operator: Cue Exploration Pty Ltd**

Cue has evaluated the regional prospectivity in all of its Western Australia offshore permits and has identified an exciting new play type associated with the prolific gas-bearing Mungaroo Formation. The “Ironbark” prospect, a Mungaroo Formation prospect with multiple objectives, has been identified as the primary candidate for drilling and Cue estimates that it holds a success case best technical estimate of 15 trillion cubic feet (TcF) of gas reserves. A farm-out process to find suitable joint venture partner(s) to participate in the drilling of the well is ongoing.



The Company has been notified by the National Offshore Petroleum Titles Administrator on April 11, 2016 of the approval of its application for a suspension of the Permit Year 3 work programme commitment for WA-359-P. The Year 3 work programme comprises the drilling of one exploration well which is now due by April 2018. The extension of the permit tenure is helpful in progressing the farm-out process.

### WA-409-P

**Cue Interest: 100%**

**Operator: Cue Exploration Pty Ltd**

Cue has submitted a renewal application to NOPTA for the WA-409-P permit. The Ironbark prospect has been mapped as straddling both WA-359-P and WA-409-P. The farmout of the Ironbark prospect is continuing and includes WA-409-P.

### WA-389-P

**Cue Interest: 40%**

**Operator: BHP Billiton Petroleum (Australia) Pty Ltd**

Reprocessed seismic data over the permit has been received by Cue and a full evaluation of the prospectivity of the Block is now underway. Potential prospects include the Caterina prospect and Deep Mungaroo prospects analogous to Ironbark in the nearby WA-359-P and WA-409-P permits.

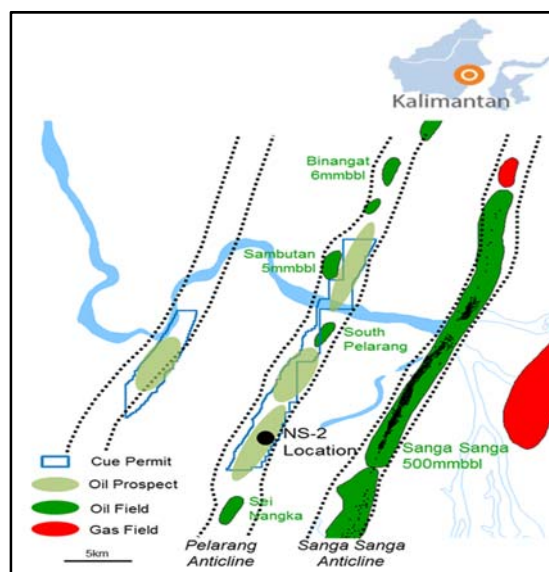


## EXPLORATION INDONESIA

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

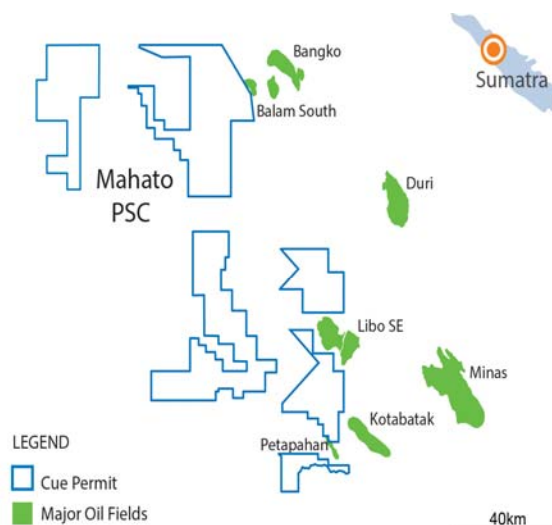
A 4 year extension to the exploration phase of the Mahakam Hilir PSC was received during the quarter. The extension includes 2 contingent wells in the first 2 years, which Cue can elect to drill or withdraw from the PSC.

Analysis of the Naga Selatan-2 discovery is continuing and several data collection initiatives are underway to fully assess the results. These include: airborne gravity data, high resolution topographic relief (LIDAR) data, extensive field mapping and shallow coring. This information will assist in making new resource assessment estimates and planning for any future appraisal of NS-2.



**Mahato PSC**  
**Central Sumatra Basin**  
**Cue Interest: 12.5%**  
**Operator: Texcal Mahato Ltd**

The Mahato PSC covers a highly prospective area close to several large producing oil fields and multiple appraisal and exploration opportunities have been mapped. However there has not been a legally binding agreement governing the Mahato PSC Joint Venture arrangements since the licence was granted in 2012. Cue will therefore limit its exploration expenditure on this licence until the Company's legal rights are protected.



## NEW ZEALAND EXPLORATION - Taranaki Basin

### PEP 51149

**Cue Interest: 20%**

**Operator: Todd Exploration Limited**

Cue notified the operator of its withdrawal from the permit during the quarter. Documentation formalizing the transfer of Cue's equity is being prepared.

### PEP 54865

**Cue Interest: 20%**

**Operator: Todd Exploration Limited**

Cue has notified the Operator of its withdrawal from the permit.

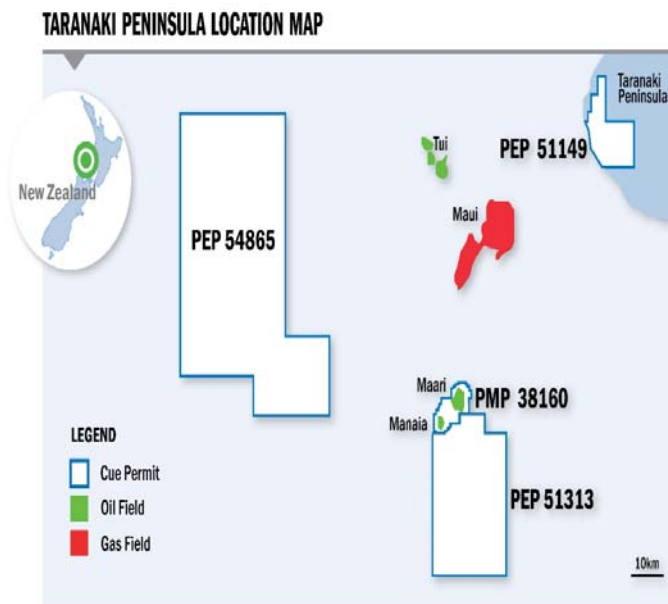
### PEP 51313

**Cue Interest: 14% interest**

**Operator: OMV New Zealand Limited**

The JV parties have elected to withdraw from the permit which will be finalised in Q3 of 2016.

During the current Q3, Cue expects its withdrawal from all New Zealand exploration permits to be finalised.



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.*

<p><b>DIRECTORS</b> GA Worner (Exec. Chairman) Koh Ban Heng (Non Exec. Director) A Knight (Non Exec. Director) BL Smith (Non Exec. Director)</p> <p><b>CHIEF FINANCIAL OFFICER</b> AM Knox</p>	<p><b>REGISTERED OFFICE</b> Level 19 357 Collins 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><b>AUDITOR</b> BDO East Coast Partnership Level 14, 140 William Street MELBOURNE VIC 3000</p>	<p><b>SECURITIES EXCHANGE LISTING</b> ASX: CUE</p> <p><b>SHARE REGISTER</b> 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 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 2016

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date 12 months \$A'000
1.1 Receipts from product sales and related debtors	9,634	45,166
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(2,243) (1,792) (4,811) (1,410)	(16,500) (7,506) (16,549) (7,460)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(2,129)	(5,160)
1.7 Tax-GST	266	100
<b>Net Operating Cash Flows</b>	<b>(2,469)</b>	<b>(7,851)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	(2,469)	(7,851)

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

1.13	Total operating and investing cash flows (brought forward)	(2,469)	(7,851)
	<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>	(2,469)	(7,851)
1.20	Cash at beginning of quarter/year to date	22,397	27,605
1.21	Exchange rate adjustments to item 1.20	562	736
1.22	<b>Cash at end of quarter</b>	20,490	20,490

**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	166
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's fees and Director's consulting 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.

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### 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	1,268
4.2 Development	521
4.3 Production	4,400
4.4 Administration	1,723
<b>Total</b>	<b>7,912</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	423	128
5.2 Deposits at call	20,067	22,269
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>20,490</b>	<b>22,397</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	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

**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: .....

Chief Financial Officer

Date: 27 July 2016

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 30 JUNE 2016**

**Amended List of Mining Tenements**

<b>PERMIT</b>	<b>OPERATOR</b>	<b>LOCATION</b>	<b>CUE INTEREST (%)</b>
<b>Petroleum Properties</b>			
		<b>USA</b>	
Pine Mills	Cue Resources, Inc	Wood County Onshore	80.00
		<b>Indonesia</b>	
Sampang PSC <sup>(i)</sup>	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
		<b>Australia</b>	
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	Cue Exploration Pty Ltd	Carnarvon Offshore	100.00
		<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 Offshore	20.00
PEP 54865	Todd Exploration Limited	Taranaki Offshore	20.00
<sup>(i)</sup>	Economic interest in the Jeruk field		8.18181