



ABN 45 066 383 971

31 October 2014

PAGES (including this page):18

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

Quarterly Report for Period Ended 30 September 2014

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)

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/OTCQX: CUEYY

SUMMARY OF ACTIVITIES

Permit Activity

- Sale process for PNG Asset portfolio well advanced.
- Move to 100% working interest and operatorship of Mahakam Hilir PSC, Indonesia.
- Seeking to farm-down WA-359-P, Carnarvon Basin and other WA assets.

Production

- Maari Growth Project proceeding, MR8A currently drilling. Expected to add 11,000 bopd gross to production when complete in 2015.
- Sampang PSC well workover and compression installation underway. Expected to extend field life of Oyong oil production and optimize gas production and ultimate recovery from Oyong and Wortel.

Exploration

- PEP 51313 Whio offshore exploration well plugged and abandoned with shows.
- PEP 51149 Te Kiri (NZ) onshore exploration well deferred until Q4 2015.
- Actively seeking new exploration acreage onshore Australia and Asia.

Financial

- Quarterly Revenue:
Revenue receipts from hydrocarbon production for the quarter were A\$8.90 million on sales of 40,297 barrels of oil at an average price of US\$110 per barrel and 713,289 thousand cubic feet (Mcf) of gas at an average price of A\$5.60 per Mcf.
- Cue has no hedging in place.
- Cue has no debt.
- Cash on hand at the end of the quarter is A\$38.97 million.

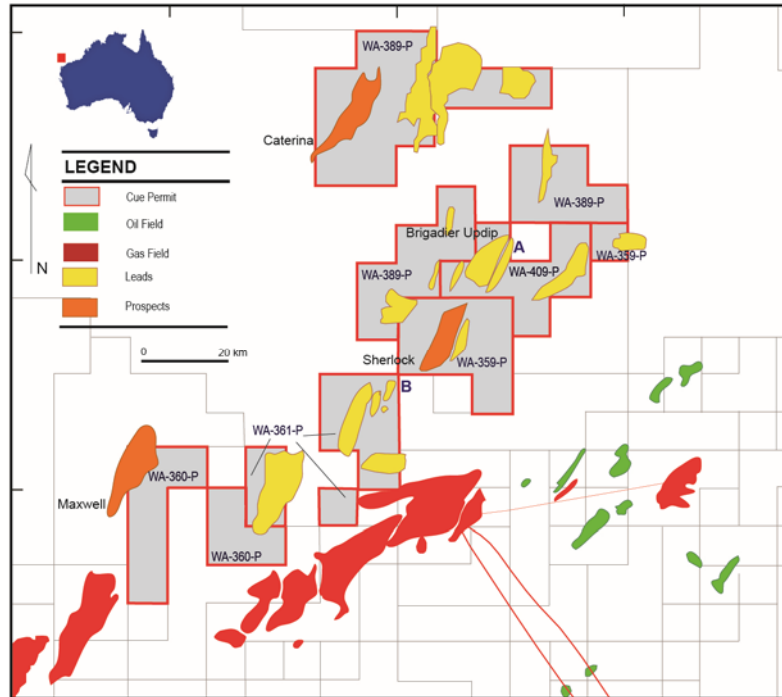
Production & Financial Summary

		September 2014 Quarter	June 2014 Quarter	Change %
Production bbls (net to Cue)	<i>bbl</i>	46,071	41,615	10.71
Production mcf (net to Cue)	<i>mmcf</i>	707.28	720.14	(1.79)
Liftings bbls (net to Cue receipts)	<i>bbl</i>	40,297	70,279	(42.66)*
Liftings mcf (net to Cue receipts)	<i>mmcf</i>	713.29	685.99	3.98
Total Revenue Receipts	<i>A\$m</i>	8.90	11.94	(25.46)*
Production Expenditure	<i>A\$m</i>	3.65	4.09	(10.76)
Closing Cash Position	<i>A\$m</i>	38.97	40.56	(3.92)

*Timing of Oyong oil lift.

ACTIVITY REVIEW

AUSTRALIA - Carnarvon Basin



EXPLORATION

WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

Cue continues to market the permit to interested parties to farm-down its interest in the permit, with the key prospect, Sherlock, estimated to have 300 million bbls of oil in Place.

Further technical work is also being planned to investigate deeper structural trends which run through this permit and Cue's surrounding acreage.

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 begin in Q4 and take 12 months until data delivery.

WA-409-P

Cue Interest: 30%

Operator: Apache Northwest Pty Ltd

The Operator is conducting reprocessing of existing 3D seismic data, seismic attribute studies and other technical work. The Joint Venture applied for a Suspension and Extension of the Year 6 work programme and extension of time to allow completion of the seismic reprocessing and selection of a potential well location. NOPTA granted a nine-month Suspension and Extension of the permit on 18 March 2014.

WA-360-P

Cue Interest: 37.5%

Operator: MEO Australia Limited

The WA-360-P Joint Venture has commenced reprocessing of approximately 650 km² 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.

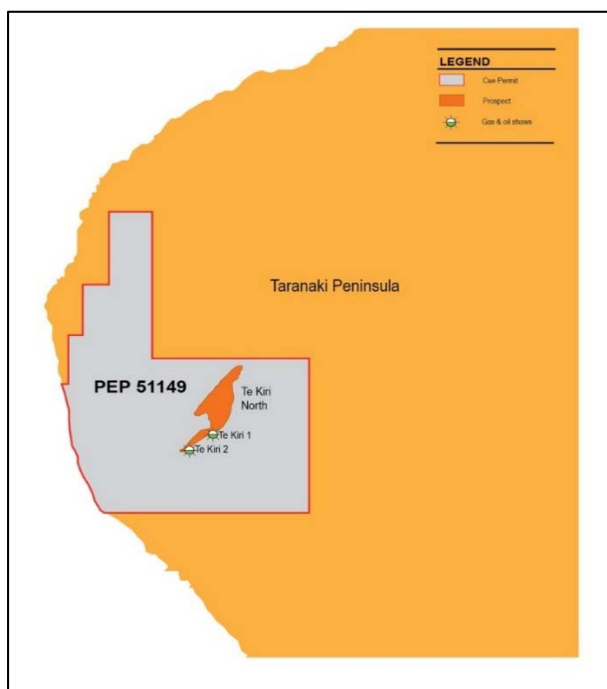
WA-361-P

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 concludes on 30 January 2016.

NEW ZEALAND - Taranaki Basin



EXPLORATION

PEP 51149

Cue Interest: 20%

Operator: Todd Exploration Limited

Permission has been granted for the deferral of the commitment well, Te Kiri North-1 and drilling 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. In Cue's estimate, the well has potential mean prospective resources of 2 million boe recoverable, net to Cue. Existing infrastructure nearby will facilitate early commercialisation.

PEP 54865

Cue Interest: 20%

Operator: Todd Exploration Limited

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 time 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 is not expected to start until early 2015.

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

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 36,019 barrels which generated A\$4.26 million in revenue received.

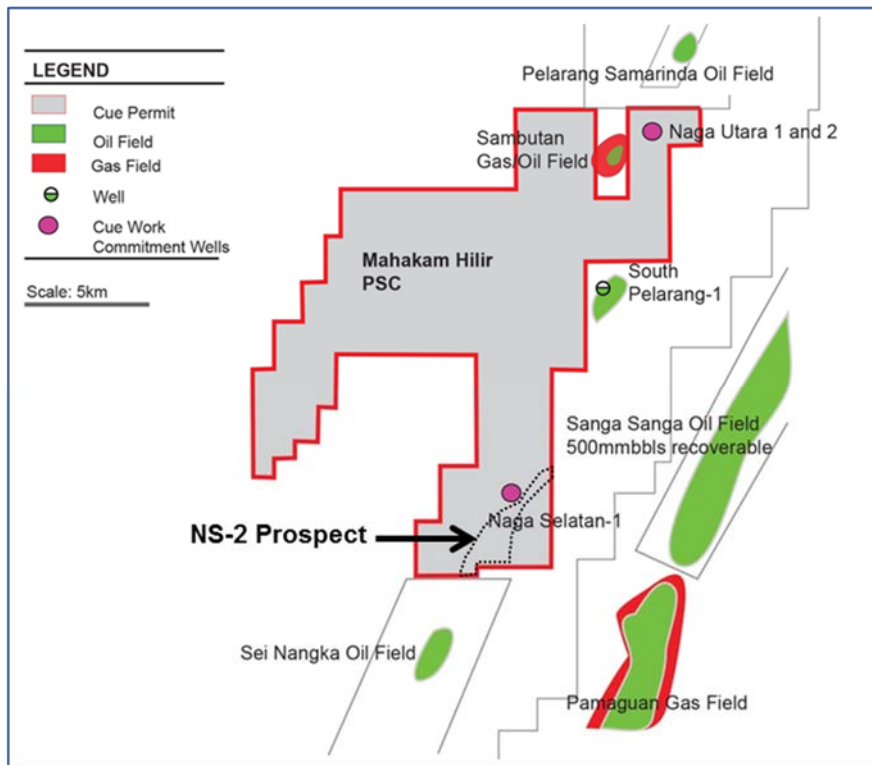
The oil production rate was approximately 7,526 gross barrels per day (Cue net: 376 bopd).

The Maari Growth Project 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 development well is currently being drilled and a work-over on the MR5 well is scheduled to follow. There are two more development wells and a water injection project also planned. Production is expected to fluctuate whilst drilling the development wells, as operations require individual wells to be temporarily shut in. The Growth Project is expected to add approximately 11,000 bopd gross (Cue net: 550 bopd) to production when complete in 2015.



Ensco 107 at Maari WHP

INDONESIA



EXPLORATION

Mahakam Hilir PSC
Kutei Basin
Cue Interest: 40%
Operator: SPC (Mahakam Hilir) Pte Ltd

Subsequent to the end of the quarter 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.

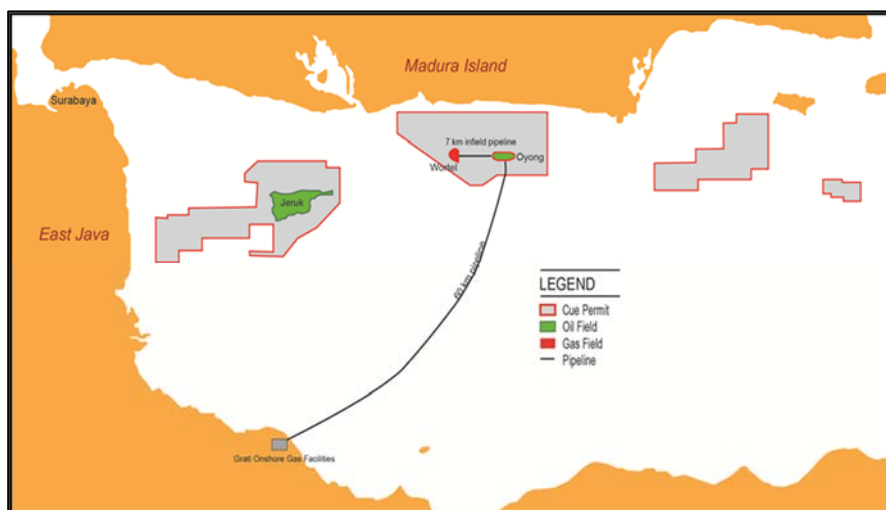
As part of an internal review of options around the permit Cue has identified a robust drill-ready oil prospect, Naga Selatan -2 (Southern Dragon) which has encouraged Cue to move to a 100% interest in the permit. Cue may look to farm-down at an appropriate time.

This oil prospect lies along trend of the large Sei Nangka and South Pelarang oil fields. The multiple targets are shallow, located at approximately 1000-1800 TVD. Additional exploration objectives have also been identified on the existing seismic data.

The drilling programme preparations have commenced with a view to drilling in 2015.

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

PRODUCTION



Sampang PSC- Madura Strait

Cue Interest: 15%

Operator: Santos (Sampang) Pty Ltd

Oyong Field

During the quarter, Cue's share of gas sales from the Oyong field was 253,313 Mcf. Revenue received during the quarter was A\$0.896 million.

The Oyong average oil production rate for the quarter was 1,356 bopd (gross) and the gas rate was 25.79 MMscfd (gross).

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 are planned to commence in November. The planned workovers will improve Oyong oil production and should extend field life, hence, the JV are considering extending production for an additional 2 years until 2017.

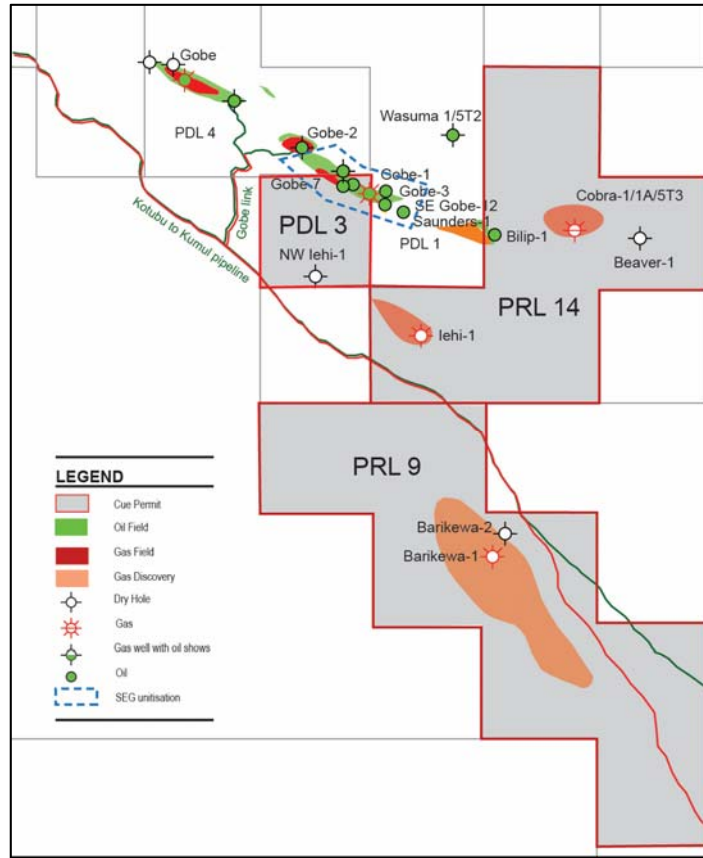
Wortel Field

Cue's gas sales during the quarter were 459,976 Mcf, which generated A\$3.24million in revenue received.

Wortel-3 and Wortel-4 both flowed gas at a combined rate of 43.43 MMscfd during the quarter. The combined rate of Oyong and Wortel gas production is currently 69.22 MMscfd (74.07 BBTU/d) (Billion British thermal units per day).

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 will take place during the Fourth Quarter so that compression is available in early 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 4,278 barrels of oil from the SE Gobe field during the quarter, which generated A\$0.505 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 August 2014.

The sale of Cue’s PNG asset portfolio is well advanced.

CORPORATE

On 18 August, Cue announced the appointment of Mr Jeff Schrull as Exploration Manager. Jeff is a highly experienced oil and gas industry executive with 25 years experience in the upstream exploration and production business.



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:

Level 19
357 Collins Street
MELBOURNE, VICTORIA 3000

Phone: +613 8610 4000
Fax: +613 9614 2142
Email: mail@cuenrg.com.au

REGISTERED OFFICE:

Level 19
357 Collins Street
MELBOURNE VIC 3000

AUDITORS:

BDO East Coast Partnership
Level 14, 140 William Street
MELBOURNE VIC 3000

SECURITIES EXCHANGE LISTINGS:

Australian Securities Exchange Ltd
525 Collins Street
MELBOURNE, VICTORIA 3000

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

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

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 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 3 months \$A'000
1.1 Receipts from product sales and related debtors	8,907	8,907
1.2 Payments for (a) exploration and evaluation (refer 2.2)	(3,891)	(3,891)
(b) development	(4,111)	(4,111)
(c) production	(3,651)	(3,651)
(d) administration	(1,718)	(1,718)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	31	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Hedging	-	-
Net Operating Cash Flows	(4,433)	(4,433)
Cash flows related to investing activities		
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)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(4,433)	(4,433)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,433)	(4,433)
	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	-	-
	Net increase (decrease) in cash held	(4,433)	(4,433)
1.20	Cash at beginning of quarter/year to date	40,558	40,558
1.21	Exchange rate adjustments to item 1.20	2,846	2,846
1.22	Cash at end of quarter	38,971	38,971

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	59
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.

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	9,535
4.2 Development	7,062
4.3 Production	6,292
4.4 Administration	1,496
Total	24,385

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	462	64
5.2 Deposits at call	38,329	40,494
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	38,791	40,558

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 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 October 2014

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 30 SEPTEMBER 2014

Amended List of Mining Tenements

PERMIT	OPERATOR	LOCATION	CUE INTEREST (%)
Petroleum Properties			
Indonesia			
Sampang PSC ⁽ⁱ⁾	Santos (Sampang) Pty Ltd	Madura Strait Offshore	15.00
Mahakam Hilir PSC	SPC (Mahakam Hilir) Pte Ltd	Kalimantan Onshore	40.00
Papua New Guinea			
PRL 14	Oil Search (PNG) Limited	Southern Highlands Onshore	10.947
PDL 3	Barracuda Pty Ltd	Southern Highland Onshore	5.568892
PRL 9	Oil Search (PNG) Limited	Southern Highland Onshore	14.894
SE Gobe Field Unit	Oil Search (PNG) Limited	Southern Highlands Onshore	3.285646
Australia			
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
New Zealand			
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