



ABN 45 066 383 971

29 April 2014

PAGES (including this page):18

Company Announcements Office  
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20 Bond Street  
Sydney NSW 2000

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**Quarterly Report for Period Ended 31 March 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)
- Paul Moore
- Andrew Young

**CUE ENERGY MANAGEMENT**

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

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**LISTINGS**

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

## HIGHLIGHTS

### Exploration

- The Naga Utara-2 appraisal/exploration well was completed early in the quarter.  
The well encountered indications of gas but testing was not deemed warranted.  
Further technical evaluation of the permit is underway and the Company is testing farmout interest on the block jointly with the operator.

### Production

- The quarter saw the first full quarter of production from the Maari field post shut in during 2013 to effect repairs and maintenance to the production facilities.
- Development drilling has commenced with the Ensco 107 jack-up rig and is expected to add 11,000 bopd gross (Cue net: 550 bopd) to production when complete.
- The Company is commencing the sale process for the PNG assets.

### Financial

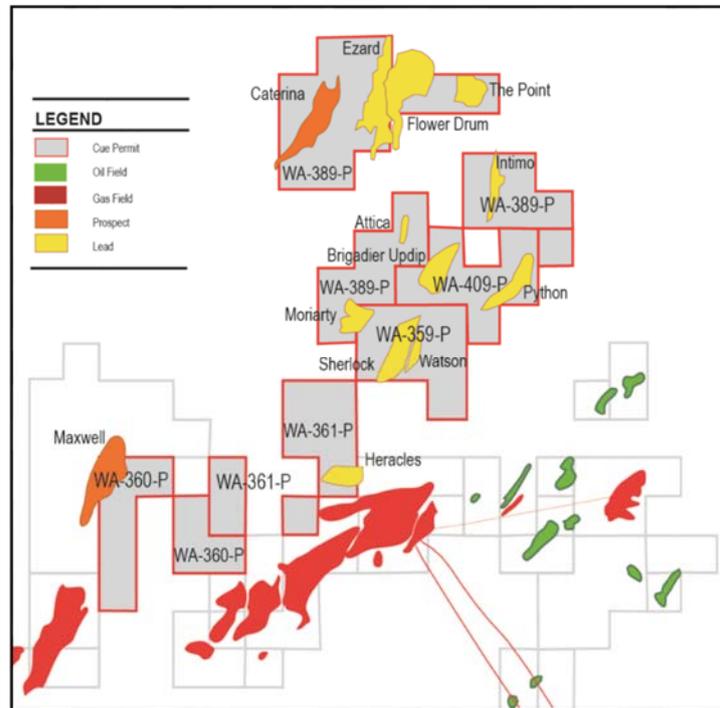
- Quarterly Revenue:  
Revenue receipts from hydrocarbon production for the quarter were A\$8.89 million on sales of 35,661 barrels of oil at an average price of US\$114 per barrel and 817,828 thousand cubic feet (Mcf) of gas at an average price of A\$4.89 per Mcf.
- Cue has no hedging in place.
- Cue has no debt.
- Cash on hand at the end of the quarter is A\$43.32 million.

### Production & Financial Summary

		Mar 2014 Quarter	Dec 2013 Quarter	Change %
Production bbls (net to Cue)	<i>bbl</i>	56,821	19,355	193.6
Production mcf (net to Cue)	<i>mmcf</i>	844.91	712.08	18.7
Liftings bbls (net to Cue receipts)	<i>bbl</i>	35,661	39,278	(9.2)
Liftings mcf (net to Cue receipts)	<i>mmcf</i>	817.83	558.02	46.6
Total Revenue	<i>A\$m</i>	8.89	7.41	20.0
Production Expenditure	<i>A\$m</i>	5.16	5.37	(3.9)
Closing Cash Position	<i>A\$m</i>	43.32	50.14	(13.6)

# ACTIVITY REVIEW

## AUSTRALIA - Carnarvon Basin



### EXPLORATION

#### WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

Reprocessing of the existing multi-client 3D over the permit has been completed and pre-stack depth migrated volume has been received. Interpretation of the reprocessed data has confirmed the key Sherlock prospect, with an estimated 150 million bbls of oil in place. Cue continues to market the prospect to interested parties to farmdown its interest in the permit.

#### WA-389-P

Cue Interest: 40%

Operator: BHP Billiton Petroleum (Australia) Pty Ltd

The permit was renewed by NOPTA on 9<sup>th</sup> October 2013 for a five year term on a reduced area. The Primary Term work commitment includes reprocessing of existing 2D and 3D seismic data and it is expected that this work will commence in the second half of the year. There is an exit point from the permit at the end of the third year of the renewal (October 2016) prior to a well obligation in the fifth year of the renewal.

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<sup>th</sup> March 2014. The decision to renew the permit will now be taken during the fourth quarter of calendar 2014. Under the terms of a farmout agreement with Apache, Cue is carried through the work programme and any well the Joint Venture elects to drill.

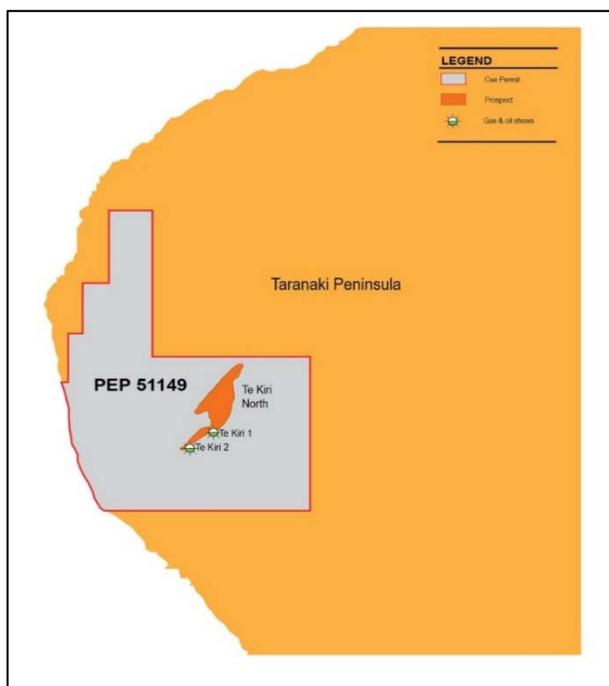
WA-360-P  
Cue Interest: 37.5%  
Operator: MEO Australia Limited

The WA-360-P Joint Venture has commenced 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 farmdown our interest in the permit will recommence before the end of the primary term of the permit in 2015. 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 30<sup>th</sup> January 2016.

## NEW ZEALAND - Taranaki Basin



### EXPLORATION

PEP 51149

Cue Interest: 20%

Operator: Todd Exploration Limited

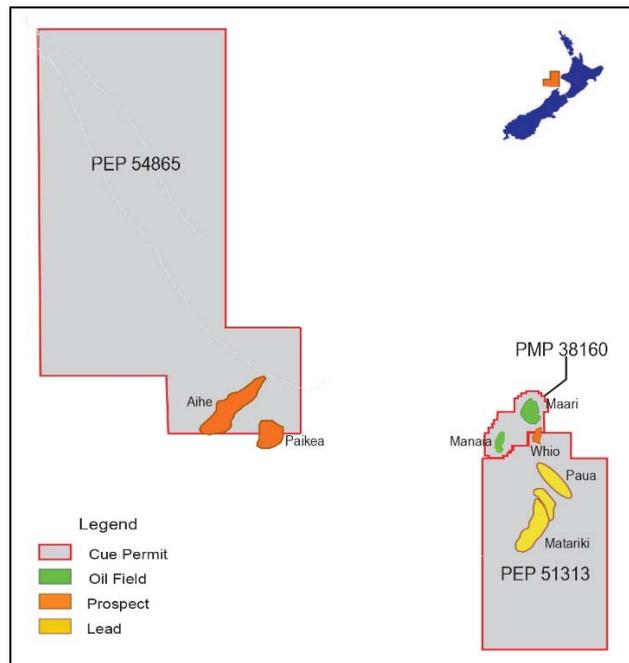
Planning for the commitment well, Te Kiri North-1 has commenced and drilling is expected in the fourth quarter of calendar 2014. The well will be deviated from the surface location to intersect a potentially oil-bearing objective in the Miocene-age Mount Messenger Formation and a deeper Eocene-age gas-bearing objective. Te Kiri North-1 will be drilled up dip of hydrocarbon shows in the Te Kiri-1 well. The well has the potential in Cue's estimate of 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 km<sup>2</sup> 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 late 2014 or early 2015.



### PEP 51313

Cue Interest: 14% interest

Operator: OMV New Zealand Limited

Planning is in progress for drilling the Whio-1 well, which will likely spud late in the second quarter of 2014. The well will be located approximately 4 km from the Maari production facilities. Under the terms of the farm-out agreement concluded with OMV, Cue is carried through the drilling, testing and completion of the first well on the prospect (to an agreed total depth).

If Whio is a commercial discovery (or additional activity is required to determine commerciality), OMV will increase its interest to 69% within a predefined area of the permit that covers the Whio prospect. Cue will, in this event, retain a 5% interest in the predefined area including a Whio development and 14% in the remainder of PEP 51313 which includes the Paua and Matariki leads.

The Joint Venture elected to not drill a well in the Te Whatu area and as a consequence has relinquished the western portion of the license.

## PRODUCTION

PMP 38160

Cue Interest: 5%

Operator: OMV New Zealand Limited

### Maari and Manaia Fields

Cue's net share of oil sales receipts in the quarter from the Maari and Manaia fields was 31,140 barrels which generated A\$3.86 million in revenue. Oil from Maari and Manaia is being commingled and produced jointly.

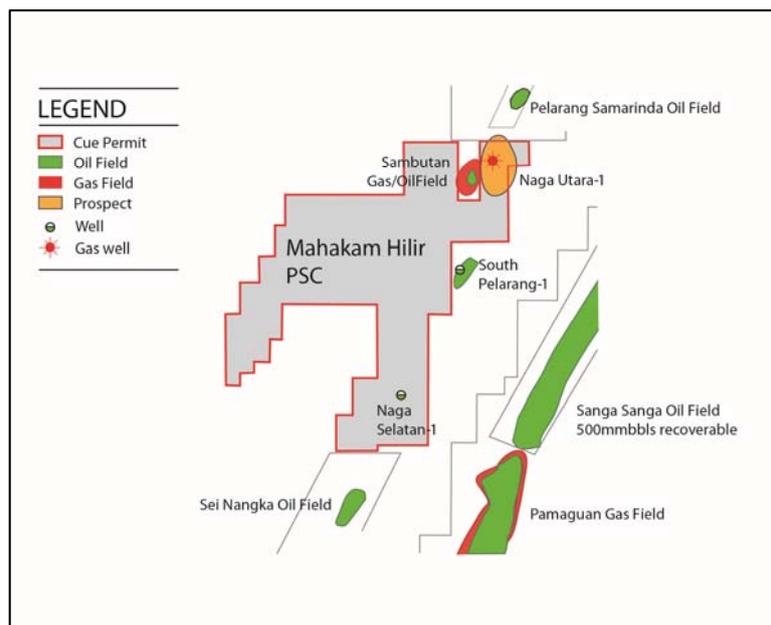
Production of oil from the Maari and Manaia fields restarted on 17 December 2013 following the successful reconnection of the FPSO Raroa to its mooring on 20 November 2013. Following the re-start, oil production rate was approximately 11,600 gross barrels (Cue net: 580) of oil per day.

The Ensco 107 jack-up rig was mobilized from SE Asia in late March and has commenced drilling activities to support the Maari Growth Project. The programme will include drilling a second production well to exploit the Mangahewa reservoir at Manaia, two additional production wells and a water injection well to exploit the Moki Formation at Maari, and a Mangahewa Formation production well at Maari. 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.



*Ensco 107 at Maari WHP*

# INDONESIA



## EXPLORATION

Mahakam Hilir PSC

Kutei Basin

Cue Interest: 40%

Operator: SPC (Mahakam Hilir) Pte Ltd

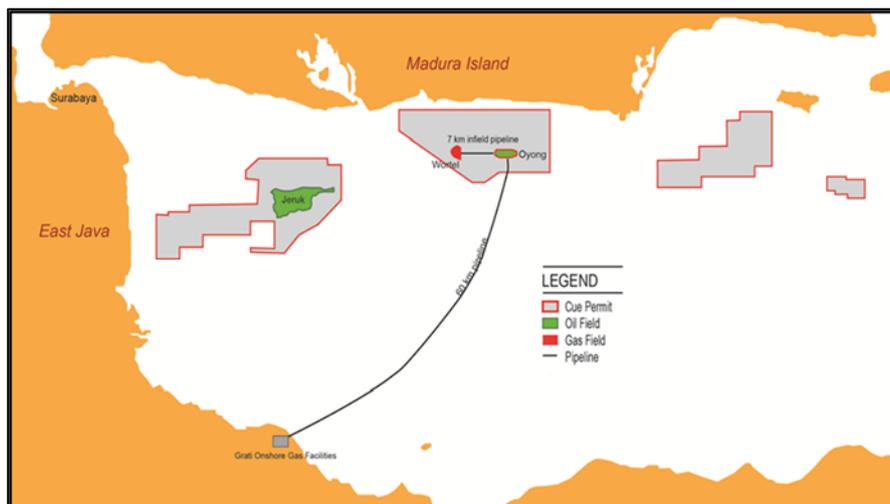
### Naga Utara

The Naga Utara-2 well was plugged and abandoned following wireline logging and the rig was released on 8<sup>th</sup> January 2014.

The well achieved the primary objective of appraising the intervals seen in Naga Utara-1 that were interpreted to be gas-bearing and intersecting deeper prospective sands which were below the TD of the first well. However, only minor indications of gas were seen in the 8½ inch hole at Naga Utara-2 which could not be evaluated with wireline logs. The well was sidetracked and Naga Utara-2 ST intersected similar stratigraphy and a suite of wireline logs was obtained, but following evaluation of the logs it was concluded that testing was not warranted. Naga Utara-2 is interpreted to have intersected the key reservoir intervals in a down-dip position relative to Naga Utara-1, close to a possible gas-water contact.

Following evaluation of the well results, the Joint Venture has decided to farmdown its interest in the block and the operator is marketing the property on behalf of both Cue and itself.

## 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 from the Oyong field was 186 barrels which generated A\$0.014 million in revenue and gas sales receipts of 311,593 Mcf which generated A\$0.94 million in revenue received during the quarter.

The Oyong average oil production rate for the quarter was 1,695 bopd (gross) and the gas rate was 30.38 MMscfd (gross) respectively.

### Wortel Field

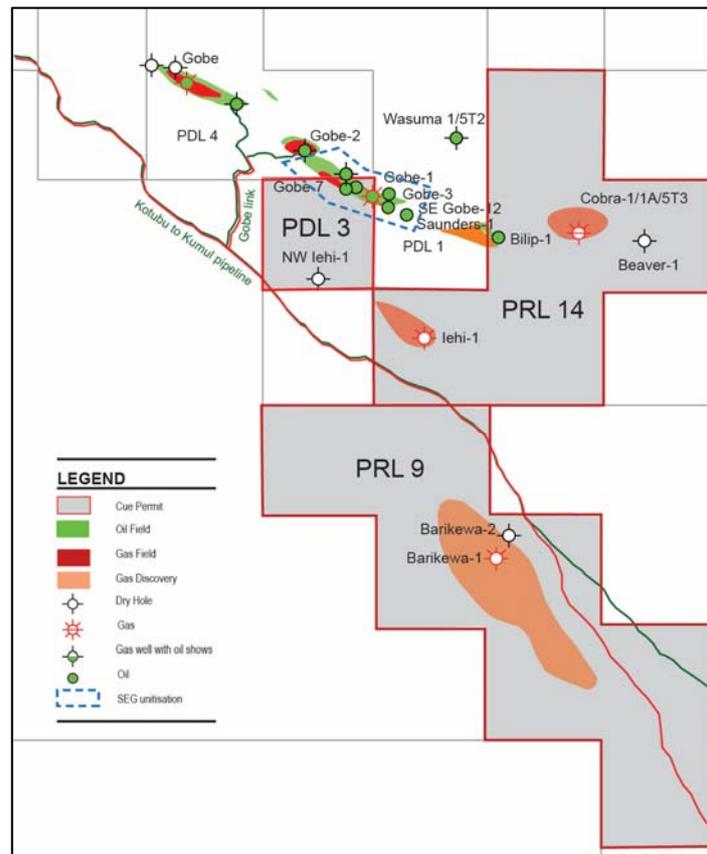
Cue's receipts from gas sales during the quarter was 506,235 Mcf, which generated A\$3.54 million in revenue. Condensate sales receipts were 253 barrels which generated A\$0.018 million in revenue.

Wortel-3 and Wortel-4 both flowed gas at a combined rate of 47.31 MMscfd during the quarter. The combined rate of Oyong and Wortel gas production is currently 76.35 MMscfd (81.70 BBTU/d) (Billion British thermal units per day).



*Replacement FPSO*

# 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 receipts was 4,082 barrels of oil from the SE Gobe field during the quarter, which generated A\$0.52 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.

## CORPORATE

Mr Timothy E. Dibb tendered his resignation as a Director of Cue on the 20th February 2014, to assume a senior position overseas.

Timothy Dibb joined the Cue board in November 2011 and during his tenure as a director made a substantial contribution to the Company's strong foundation for further growth.



*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)  
PD Moore (Non Exec. Director)  
AA Young (Non Exec. Director)

### CHIEF EXECUTIVE OFFICER:

DAJ Biggs

### CHIEF FINANCIAL OFFICER:

AM Knox

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### AUDITORS:

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Level 14, 140 William Street  
MELBOURNE VIC 3000

### SECURITIES EXCHANGE LISTINGS:

Australian Securities Exchange Ltd  
525 Collins Street  
MELBOURNE, VICTORIA 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:

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Abbotsford, Victoria 3067 Australia  
GPO Box 2975  
Melbourne, Victoria 3000 Australia  
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or +61 3 9415 4000 (outside Australia)  
Email: web.queries@computershare.com.au  
Website: www.computershare.com.au

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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")

31 March 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 9 months \$A'000
1.1 Receipts from product sales and related debtors	8,889	24,190
1.2 Payments for (a) exploration and evaluation (refer 2.2)	(4,065)	(9,507)
(b) development	(4,358)	(12,304)
(c) production	(5,164)	(14,416)
(d) administration	(625)	(4,293)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	42	137
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>(5,281)</b>	<b>(16,193)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(139)
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>(2)</b>	<b>(139)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(5,283)</b>	<b>(16,332)</b>

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

1.13	Total operating and investing cash flows (brought forward)	(5,283)	(16,332)
	<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>	(5,283)	(16,332)
1.20	Cash at beginning of quarter/year to date	50,144	58,829
1.21	Exchange rate adjustments to item 1.20	(1,546)	818
1.22	<b>Cash at end of quarter</b>	43,315	43,315

**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	21
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 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.

### 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	3,426
4.2 Development	3,467
4.3 Production	4,854
4.4 Administration	1,259
<b>Total</b>	<b>13,006</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	246	331
5.2 Deposits at call	43,069	49,813
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>43,315</b>	<b>50,144</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: .....

Date: 29 April 2014

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

**APPENDIX A**

**QUARTERLY REPORT OF CONSOLIDATED CASHFLOWS**  
**- QUARTER ENDED 31 MARCH 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	SPC (Mahakam Hilir) Pte Ltd	Kalimantan Onshore	40.00
<b>Papua New Guinea</b>			
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
<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
<sup>(i)</sup>	Economic interest in the Jeruk field		8.181818