



ABN 45 066 383 971

27 October 2016

PAGES (including this page): 15

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

Quarterly Report for Period Ended 30 September 2016

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
- Duncan Saville
- 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

- The Company's cash balance grew by more than a million dollars to \$21.54 million at the end of the quarter. Cue has 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 176,732 barrels of oil equivalent (boe) comprised of 65,694 barrels (bbls) and 666 million cubic feet (mmcf).
- Revenue receipts from hydrocarbon production for the quarter were \$9.94 million on sales of 83,136 bbls of oil at an average price of US\$44 per barrel and 558 mmcf of gas at an average price of \$9.11 per thousand cubic feet (Mcf).
- **Indonesia:** Oyong and Wortel fields (Sampang PSC) continue strong production, with total combined average gross rates of 126.60 barrels of oil per day (bopd) and 66.89 mmcf per day during the quarter.
- **New Zealand:** Maari (PMP 38160) gross field production averaged 10,494 bopd during the quarter.

Disciplined Growth

- **Indonesia:** The Sampang joint venture will proceed with the project to extend the life of the Oyong and Wortel Fields by at least 2 years to 2020 or beyond. Benefits will include the reduction in production costs by approximately 50% p.a., a 2P reserve increase of 37% (~17Bcf), and a margin increase of 34%.
- **New Zealand:** Cue has withdrawn from its exploration permits in New Zealand.
- **USA:** Cue initiated a divestment process for its Pine Mills asset.

Step Change Opportunities

- **Australia:** The WA-409-P exploration permit has been renewed for a further 5 years.
- **Australia:** Cue farmed out the North West Shelf Ironbark prospect to BP. BP acquired 80% equity in WA-409-P and will fund the work programme required under the permit for the next 3 years. BP also has an option to acquire 42.5% of WA-359-P where, if the option is exercised, funding would be secured for 50% of the cost of drilling a well.

Production & Financial Summary

KEY PERFORMANCE METRICS

		Sep Quarter Q1 FY17	Jun Quarter Q4 FY16	Change %
Oil Production (net to Cue)	bbl	65,694	57,029	15.19
Gas Production (net to Cue)	mmcf	666	700	(4.82)
Oil Liftings (net to Cue receipts)	bbl	83,136	67,639	22.91
Gas Liftings (net to Cue receipts)	mmcf	558	630	(11.50)
Total Revenue Receipts	\$m	9.94	9.63	3.22
Production Expenditure	\$m	4.11	4.81	(14.55)
Closing Cash Position	\$m	21.54	20.49	5.12

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 44,148 bbls which generated \$2.64 million in revenue received.

The average oil production rate in the quarter was approximately 10,494 gross bopd (Cue net: 525 bopd).

The Maari Field now has a total of 10 producers and one water injector. No further drilling is currently planned and the focus going forward is to maximise production by optimising the up-time and deliverability of the wells. The only naturally flowing well is the MR6A well which is now

showing increased water cut and accounts for a large portion of the declining production rates. The other 9 producers all rely on pumps (ESP's) for continued production and the Operator is optimising the use of the ESP's and top-sides facilities to enhance production. The Operator is also adding additional perforations in producing wells to improve production, as in the previously announced MR8A well which initially added ~1,600 bopd. A similar job in MR9 has added ~500 bopd incremental production and the MR2 well is currently being worked over with the MN1 well scheduled in the near future.

The only planned shut-down over the next year is in December 2016 to repair the water injection line. Once this project is complete water injection will be reinitiated and is anticipated to provide pressure support to some of the producing wells, increasing production and ultimate recovery.



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 127 bopd and 67 mmcf/d.

As announced by Cue during the quarter the Sampang JV has agreed on a Final Investment Decision for the Sampang Sustainability Project (SSP). This project will extend the Field life and estimated ultimate recovery for both Oyong and Wortel. Benefits will include the reduction in production costs by approximately 50% p.a., a 2P reserve increase of 37% (~17Bcf), and a margin increase of 34%. Production is anticipated to continue at current rates of ~950 bopd of oil and the combined gas rate of 60-65 mmcf/d for the duration of 2016 with no planned shut-downs.

The Joint Venture in addition will be making decisions about the remaining exploration opportunities in the Sampang PSC including the potential drilling of the Paus Prospect in 2018.

Oyong Field

During the quarter Cue's share of gas sales receipts was \$2.59 million from the sale of 281.93 mmcf.

Cue's share of oil sales receipts was \$1.82 million from the sale of 31,434 bbls and condensate sales receipts was \$726 from the sale of 21 bbls.

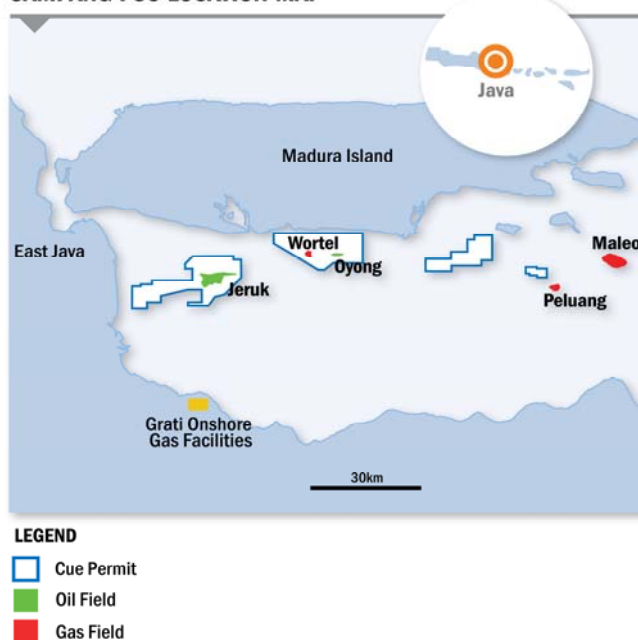
The Oyong average oil production rate for the quarter was 972 bopd (gross) and the daily gas average rate was 27.97 mmcf/day (gross) (Cue net: 127 bopd and 3 mmcf/d - both net of government take under the PSC).

Wortel Field

During the quarter Cue's share of gas sales receipts was \$2.49 million from the sale of 276 mmcf. Cue's share of condensate sales from the Wortel field was 30 bbls which generated \$2,918 in revenue.

Wortel-3 and Wortel-4 flowed gas at a combined average daily rate of 39.18 mmcf/d (gross) during the quarter (Cue net 4.17 mmcf/d net of government take under the PSC.)

SAMPANG PSC LOCATION MAP



PRODUCTION - USA

Pine Mills – East Texas

Cue Interest: 80%

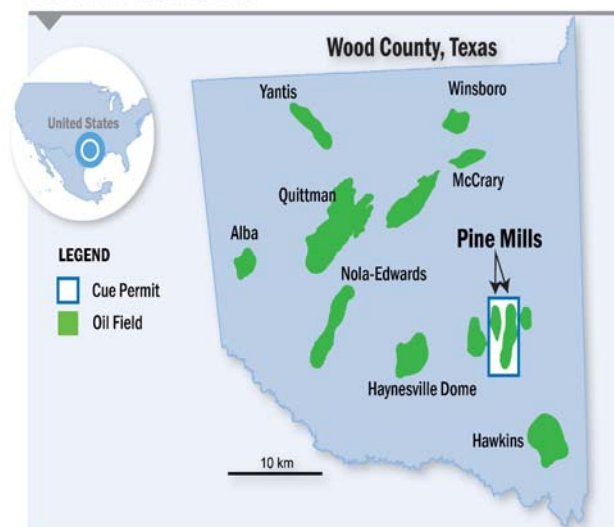
Operator: Cue Resources, Inc

Cue operates the Pine Mills field and has initiated a sales process for the asset targeting an exit before the end of 2016.

Oil sales in the quarter from the Pine Mills field were 7,503 bbls which generated \$0.399 million in revenue received.

The average gross oil production rate for the quarter was approximately 100 gross bopd (Cue net: 62 bopd).

PINE MILLS LOCATION MAP



EXPLORATION - AUSTRALIA

WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

Cue has evaluated the regional prospectivity in its Northern Carnarvon Basin permits and has identified an exciting new play type now referred to as the Deep Mungaroo Play (DMP). The Ironbark prospect has been identified as the primary candidate for testing the DMP and the ideal location is in WA-359-P where Cue currently has a well commitment.

Cue recently announced that BP has taken an option to acquire 42.5% of WA-359-P where, if the option is exercised, funding would be secured for 50% of the cost of drilling a well.

WA-409-P

Cue Interest: 20%

Operator: BP Developments Australia Pty Ltd

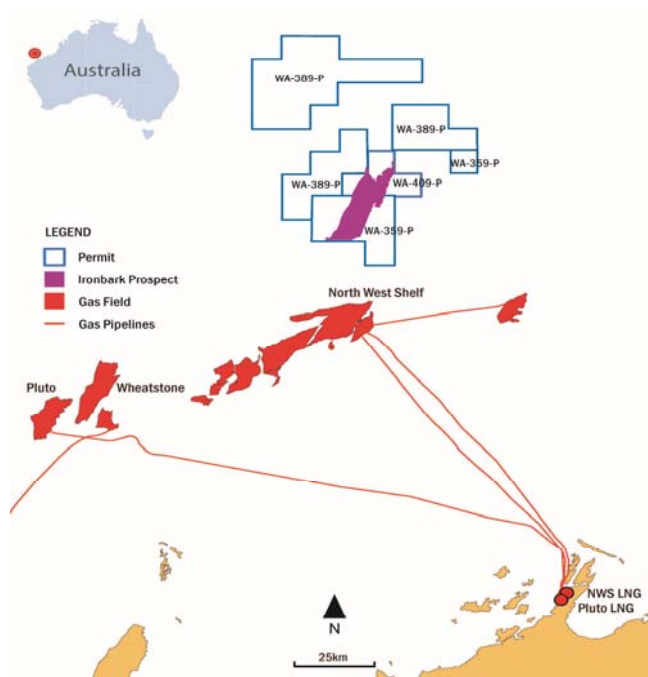
Cue acquired 100% of WA-409-P in February 2015 and as Operator renewed the permit for a further 5 years with an area of 323Km² being retained. Subsequent to receiving the recent renewal of WA-409-P Cue announced that BP has acquired 80% equity in WA-409-P and will become Operator whilst funding the work programme required under the permit for the next 3 years.

WA-389-P

Cue Interest: 40%

Operator: BHP Billiton Petroleum (Australia) Pty Ltd

Reprocessing of existing 2D and 3D seismic data is completed and fulfills the Joint Venture's minimum work obligations. The data is now being interpreted to compile a block wide prospect portfolio.



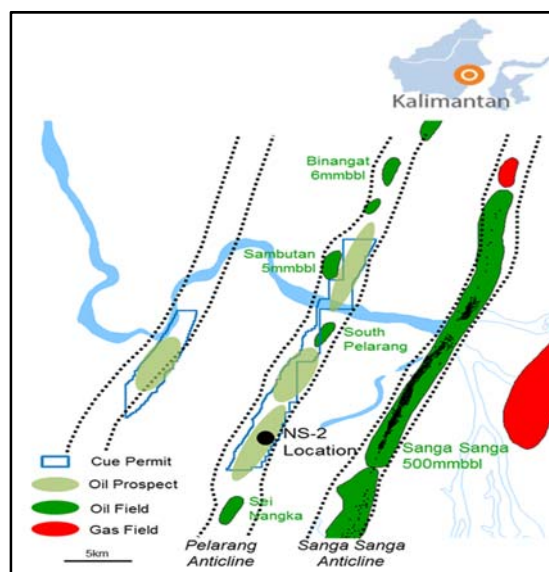
EXPLORATION INDONESIA

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

Cue holds a 100% interest in, and is the Operator of, the Mahakam Hilir PSC in the prolific Kutei Basin onshore Kalimantan. A four year extension to the exploration phase of the Mahakam Hilir PSC was received in May 2016. The extension includes 2 contingent wells in the first 2 years, in which Cue can elect to drill or withdraw from the PSC or continue for the following 2 years with the wells as firm commitments.

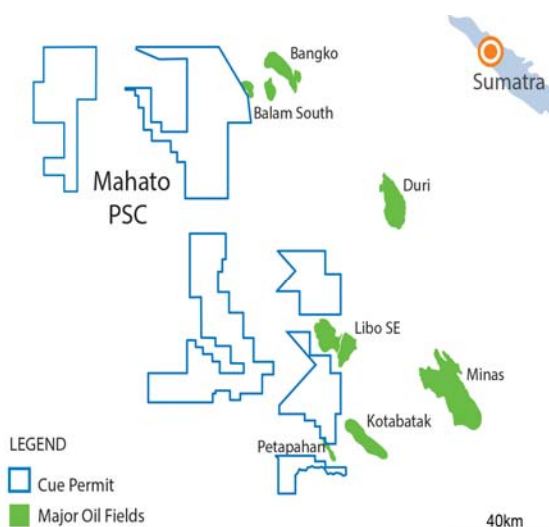
Analysis of the Naga Selatan-2 discovery is continuing, focusing on estimating flow potential for oil and gas from both matrix and fracture porosity. Several data collection initiatives are underway focused on delineating areas of optimal reservoir quality and fractures for potential appraisal locations. These include: airborne gravity data, high resolution topographic relief (LIDAR) data, extensive field mapping and shallow coring. This information is critical in making resource assessment estimates and planning for any future appraisal drilling of the Naga Selatan resource. Further drilling is required for the project to move forward towards development. The company will also consider future testing of the suspended NS-2 well pending results of our studies and considered in conjunction with future plans for drilling.

Given the Company holds 100% working interest, a suitable industry partner(s) will likely be sought in H1, calendar 2017 to help fund the appraisal programme of the Naga Selatan opportunity.



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. Multiple appraisal and exploration opportunities have been mapped. The permit has a minimum work commitment of 1 well and 2D seismic acquisition by May 2018.



NEW ZEALAND EXPLORATION - Taranaki Basin

PEP 51149

Cue Interest: 20%

Operator: Todd Exploration Limited

Cue has withdrawn from the permit with no remaining obligations and no further reporting will be necessary.

PEP 54865

Cue Interest: 20%

Operator: Todd Exploration Limited

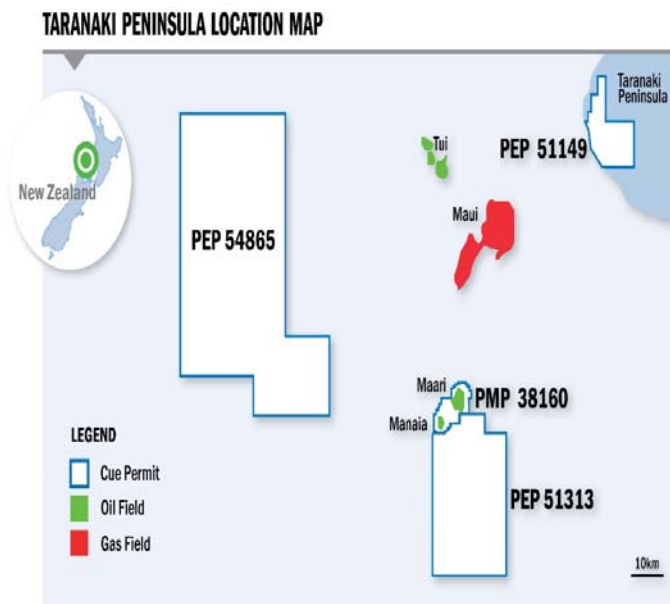
Cue has withdrawn from the permit with no remaining obligations and no further reporting will be necessary.

PEP 51313

Cue Interest: 14% interest

Operator: OMV New Zealand Limited

Cue has withdrawn from the permit with no remaining obligations and no further reporting will be necessary.



CORPORATE

The Company advised it had established a share sale facility for holders of shares in the Company valued at less than \$500 (unmarketable parcel) to assist holders of unmarketable parcels to sell their shares.

This resulted in 1,309 shareholders' holdings with unmarketable parcels totalling 4.03m shares being amalgamated and sold.

Mr Andrew Knight resigned as a director, and Mr Duncan Saville was appointed as a director, effective 18 August 2016. The Board would like to thank Mr Knight for his contribution to Cue during the year.



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>DIRECTORS GA Worner (Exec. Chairman) Koh Ban Heng (Non Exec. Director) DP Saville (Non-Independent Director) BL Smith (Non Exec. Director)</p> <p>CHIEF FINANCIAL OFFICER AM Knox</p>	<p>REGISTERED OFFICE 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>AUDITOR BDO East Coast Partnership Level 14, 140 William Street MELBOURNE VIC 3000</p>	<p>SECURITIES EXCHANGE LISTING ASX: CUE</p> <p>SHARE REGISTER 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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Cue Energy Resources Limited

ABN

45 066 383 971

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,940	9,940
1.2 Payments for		
(a) exploration & evaluation	(521)	(521)
(b) development	(465)	(465)
(c) production	(4,112)	(4,112)
(d) staff costs	(899)	(899)
(e) administration and corporate costs	(501)	(501)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1,967)	(1,967)
1.7 Research and development refunds	-	-
1.8 Other (GST)	119	119
1.9 Net cash from / (used in) operating activities	1,607	1,607
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(7)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,490	20,490
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,607	1,607
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(554)	(554)
4.6	Cash and cash equivalents at end of period	21,536	21,536

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	180	423
5.2 Call deposits	21,356	20,067
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	21,536	20,490

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	191
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees and Director's consulting fees

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	3,136
9.2 Development	163
9.3 Production	5,247
9.4 Staff costs	847
9.5 Administration and corporate costs	703
9.6 Other (tax)	1,044
9.7 Total estimated cash outflows	11,140

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PEP54865	Working	20%	-
	PEP51313	Working	14%	-
	PEP51149	Working	20%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Chief Financial Officer

Date: 27 October 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

**QUARTERLY REPORT OF CONSOLIDATED CASHFLOWS
- QUARTER ENDED 30 SEPTEMBER 2016**

Amended List of Mining Tenements

PERMIT	OPERATOR	LOCATION	CUE INTEREST (%)
Petroleum Properties			
		USA	
Pine Mills	Cue Resources, Inc	Wood County Onshore	80.00
		Indonesia	
Sampang PSC ⁽ⁱ⁾	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
		Australia	
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	BP Developments Australia Pty Ltd ⁽ⁱⁱ⁾	Carnarvon Offshore	20.00
		New Zealand	
PMP 38160	OMV New Zealand Limited	Taranaki Offshore	5.00
			8.1818
	(i) economic interest in the Jeruk field		
	(ii) subject to government approval		