

SUMMARY OF ACTIVITIES

Highlights

- 10 years LTI free safety milestone achieved by Santos at the Oyong facility in Sampang PSC.
- Sampang Sustainability Project 87% complete; on time and budget.
- Significant seismic and well data was received and Cue continues to carry out necessary G&G works to further study and evaluate the potential of the Mahakam Hilir PSC.

Sustainable Business

- Total net production of 35,697 barrels (bbls) of oil and 464 million cubic feet (mmcf) of gas.
- \$6.3 million revenue on oil sales of 37,630 bbls at an average price of US\$46/bbl and gas sales of 459 mmcf at an average price of US\$7.06 per thousand cubic feet (Mcf).
- \$11.7 million cash and no debt.

Disciplined Growth

- **Indonesia:** Sampang Sustainability Project on time and budget. Paus-Biru 1 exploration well is progressing towards JV approval and potential 2018 drilling
- **New Zealand:** MN1 well workover under way at Maari.
- **Indonesia:** Seismic and well data was received over the Mahakam Hilir PSC and is currently being processed and analysed to update the exploration model. Farmout presentations conducted with a number of companies

Step Change Opportunities

- **Australia:** Extension of equity option over WA-359-P granted to BP until Dec 2017
- **Australia:** WA-389-P Operatorship approved and 2 year Suspension and Extension received

Production & Financial Summary

KEY PERFORMANCE METRICS

		Sep Quarter Q1 FY18	Jun Quarter Q4 FY17	Change %
Oil Production (net to Cue)	bbl	35,697	47,421	(25)
Gas Production (net to Cue)	mmcf	464	512	(9)
Oil Liftings (net to Cue receipts)	bbl	37,630	31,475	20
Gas Liftings (net to Cue receipts)	mmcf	459	578	(21)
Total Revenue Receipts	\$m	6.29	7.75	(19)
Production Expenditure	\$m	3.27	13.76	(76)
Closing Cash Position	\$m	11.67	12.42	(6)

PRODUCTION - NEW ZEALAND

PMP 38160

Cue Interest: 5%

Operator: OMV New Zealand Limited

Maari and Manaia Fields

Net Oil Production	bbbl	34,833
Oil Liftings (net to Cue receipts)	bbbl	37,346
Revenue Receipts	\$m	2.12

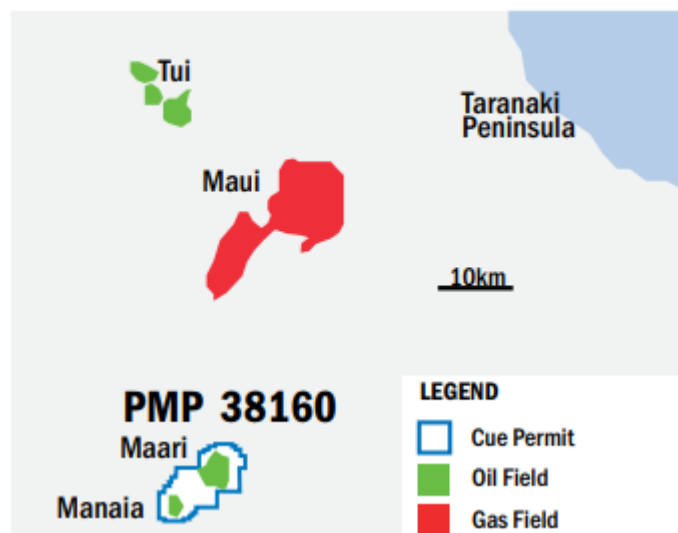
During the quarter, permanent repairs were successfully completed on the Maari Well Head Platform (WHP) to rectify a crack in a horizontal strut which was identified in late 2016.

Production was lower during September due to the MN1 well being taken off line for deepening of the ESP and completion of new sections in the well bore. This work is aimed at increasing the production from the well and is expected to be completed during October 2017.

Preparations for the Flowing Bottom Hole project, to reduce production pressure and expand production have been postponed due to delays in a manufacturing process and this work is expected to be completed during Q1 CY2018.

Cue continued technical and commercial assessment of the proposed appraisal and development of the Manaia Moki reservoirs. The Operator, OMV, is expected to propose an investment decision in Q1 CY2018 for and appraisal well to be drilled in late 2018.

TARANAKI PENINSULA LOCATION MAP - NEW ZEALAND



PRODUCTION - INDONESIA

Sampang PSC- Madura Strait

Cue Interest: 15%

Operator: Santos (Sampang) Pty Ltd

Net Condensate Production	bbl
Net Condensate Sales	bbl
Revenue Receipts (Condensate)	\$
Net Gas Production	mmcf
Net Gas Sales	mmcf
Revenue Receipts (Gas)	\$m

Oyong	Wortel
6	857
2	281
112	13,151
170	294
168	291
1.51	2.60

During the quarter, the operator Santos, achieved a significant safety milestone of 10 years with no lost time injuries at the Sampang operations.

Gas production from the Oyong and Wortel fields was reduced during the quarter due to the temporary reduction of compression associated with the removal of offshore oil facilities and replacement of the compressor at the Grati onshore processing plant. The new compressor is being transferred from another PSC and replaces a leased unit, which will result in lease cost savings for the life of the Sampang PSC.

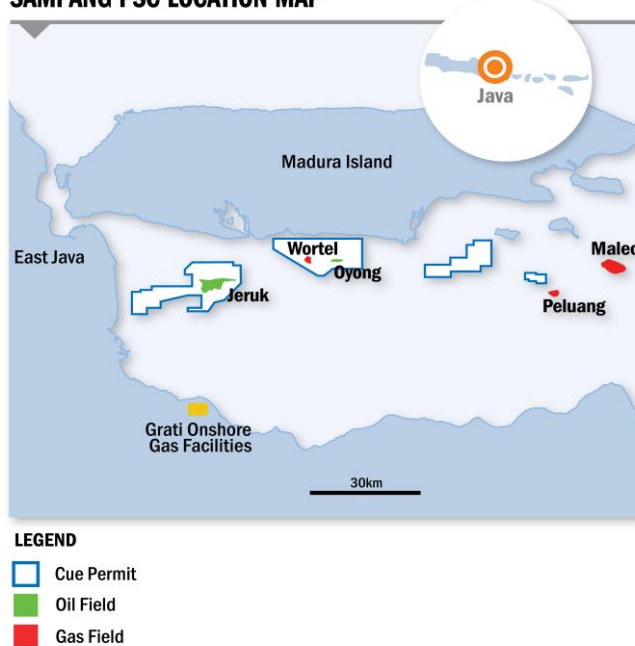
The Sampang Sustainability Project and installation of onshore compression at Grati is 87% complete and is expected to be completed during the December 2017 quarter, resulting in significantly reduced operating costs. The project is proceeding on time and budget.

Perforation and testing of the Paciran (Upper Mundu) reservoir in the existing Oyong 5 and Oyong 9 wells will be undertaken during October. If successful, these new reservoirs have the potential to add the gas production at Oyong and expand the Joint Venture's view of the total gas resource.

Negotiations have been completed to extend the Wortel Gas Sales Agreement for approximately 3 years on substantially the same price as the existing agreement. This new agreement will be effective from approximately mid-November, when the sales volume under the current contract is reached.

The Paus- Biru-1 exploration well is in the final stages of Joint Venture approval. In anticipation of FID later this year, the Joint Venture has approved geophysical and geotechnical site surveys, which will be conducted during the December 2017 quarter. The Paus-Biru -1 well will target the Mundu gas reservoirs which are productive at Oyong and Wortel.

SAMPANG PSC LOCATION MAP



EXPLORATION - AUSTRALIA

WA-359-P

Cue Interest: 100%

Operator: Cue Exploration Pty Ltd

WA-359-P contains the Ironbark prospect, a large and exciting Deep Mungaroo gas target.

During the quarter, Cue extended the BP option over 42.5% equity in WA-359-P until the 11th December 2017.

Cue is continuing discussions to attract a partner or partners to form a joint venture together with BP and drill an exploration well in 2018 to test the Ironbark prospect.

WA-409-P

Cue Interest: 20%

Operator: BP Developments Australia Pty Ltd

Reprocessing of seismic data over the permit is being finalised and Cue expects to have data for analysis during the December 2017 quarter. WA-409-P contains a portion of the Ironbark structure.

WA-389-P

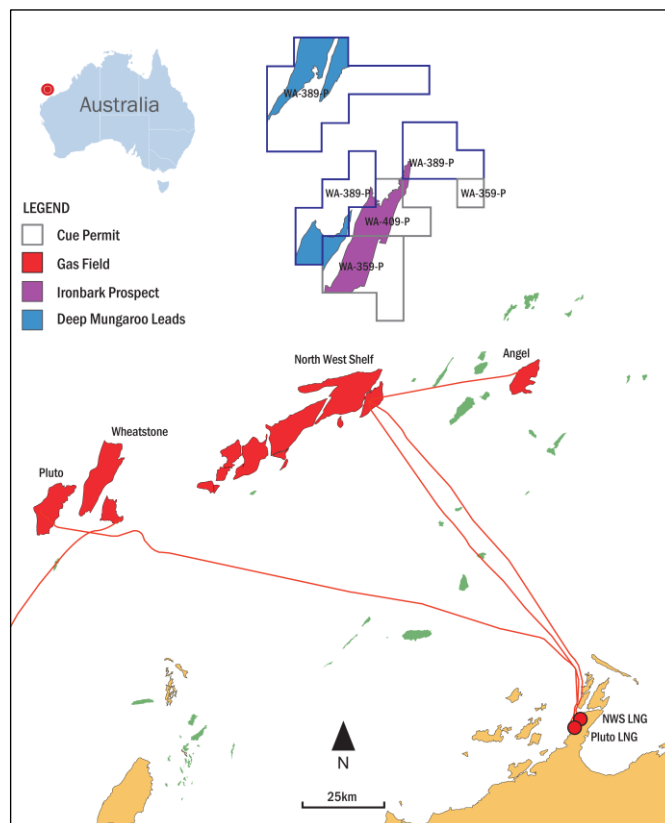
Cue Interest: 100%

Operator: BHP Billiton Petroleum (Australia) Pty Ltd

The National Offshore Petroleum Titles administrator (NOPTA) has advised Cue that a 2 year suspension to Year 4 of the permit term and a corresponding extension of the permit has been approved.

Cue believe that WA-389-P could contain prospects similar to Ironbark and will undertake G&G work to confirm the permit's prospectivity.

The revised permit work program is detailed below:



Year 1	Year 2	Year 3	Year 4	Year 5
Primary			Secondary	Secondary
Geotechnical studies, 1,250 km ² 3D PSDM reprocessing, 450 km 2D reprocessing			Geotechnical studies including seismic and prospect mapping, frequency decomposition, charge modelling, and prospect portfolio update	One (1) exploration well
8-Oct-16			8-Oct-19	8-Oct-20

EXPLORATION - INDONESIA

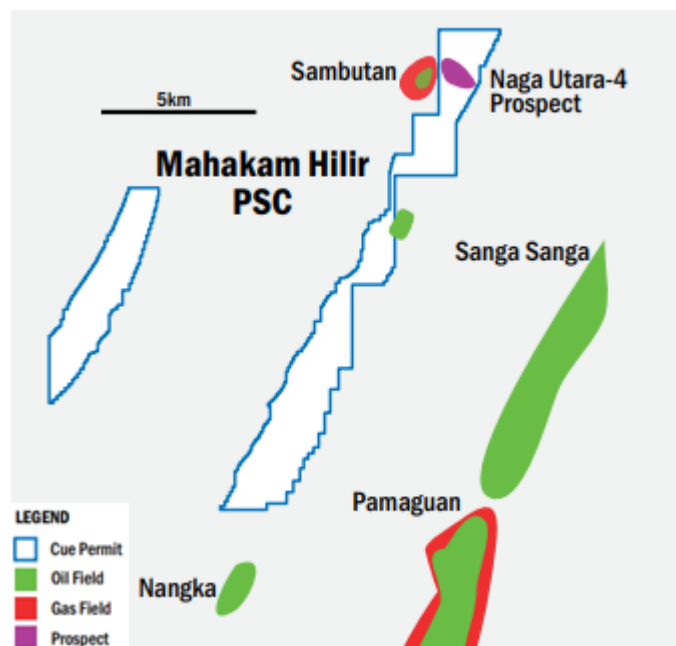
**Mahakam Hilir
PSC Kutei Basin
Cue Interest: 100%
Operator: Cue Kalimantan Pte Ltd**

During the quarter, Cue received significant additional data, consisting of 9 2D seismic lines through the adjacent Sambutan Field and Naga Utara prospect and data from 4 Sambutan wells. Reprocessing of the seismic data, integration and analysis is due to be completed by the end of CY2017.

Petrophysical analysis of the 1930s Dutch drilled Sambutan-8 well, which is within the Mahakam Hilir PSC, and the recent Sambutan gas production wells has provided increased understanding and knowledge that the 100m of logged interbedded reservoir sand was hydrocarbon bearing. Structural interpretation will be completed by the end of 2017.

Cue has commenced discussions with the Indonesian regulator for an extension of the May 2018 well commitment for up to 1 year to allow analysis to be completed and the Naga Utara-4 well to be planned. The Naga Utara-4 well, a twin to the Sambutan-8 well, is a promising appraisal opportunity of the greater Naga Utara structure, 300m from the producing Sambutan Gas Field.

During the quarter Cue has held discussions with multiple potential farm-in partners with a view to forming a Joint Venture to fund the Naga Utara-4 appraisal well.

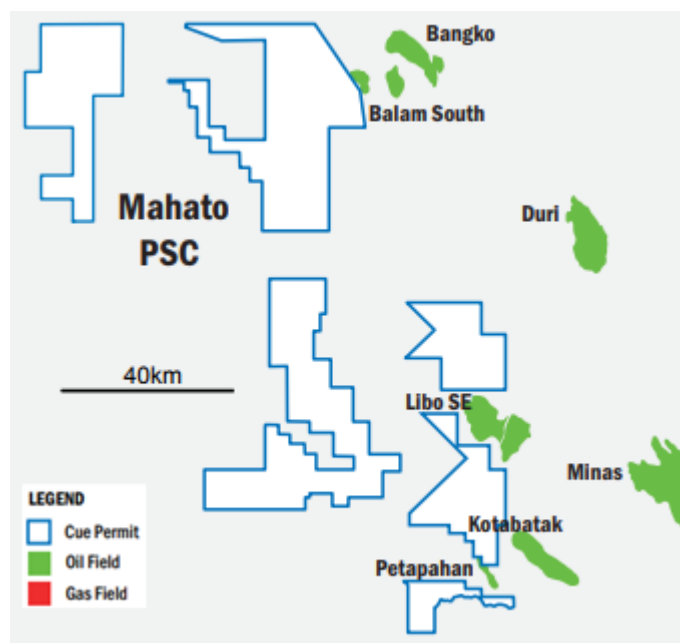


**Mahato PSC
Central Sumatra Basin
Cue Interest: 12.5%
Operator: Texcal Mahato**

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 July 2018.

Progress is being made between the partners towards signing as legally binding Operating Agreement. Land has been acquired and permits are in place to enable the drilling of a well in the Petapahan area in H1 2018.

The Operator is discussing a potential extension to the exploration period of the permit with the Indonesian regulator.



CORPORATE

During the quarter, Cue continued to focus on cost minimisation for a sustainable business.

The FY2017 Cue Energy Resources Limited Annual Report was released on the 28th September and is available at www.cuenrg.com.au

The Company's Annual General Meeting will be held at Allens Lawyers, Level 37, 101 Collins Street, Melbourne VIC 3000, Victoria, Australia on Monday 27th November 2017, commencing at 12 pm (AEDT)

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.

DIRECTORS GA Worner (Non Exec. Chairman) Koh Ban Heng (Non Exec. Director) DP Saville (Non-Independent Director)	REGISTERED OFFICE Level 3 10-16 Queen Street MELBOURNE VIC 3000 Phone: +613 8610 4000 Fax: +613 9614 2142 Email: mail@cuenrg.com.au Web: www.cuenrg.com.au	SECURITIES EXCHANGE LISTING ASX: CUE
CHIEF EXECUTIVE OFFICER Mathew Boyall		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
CHIEF FINANCIAL OFFICER Melanie Leydin	AUDITOR BDO East Coast Partnership Level 18, 727 Collins Street MELBOURNE VIC 3000	

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 2017

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	6,289	6,289
1.2 Payments for		
(a) exploration & evaluation	(287)	(287)
(b) development	-	-
(c) production	(3,270)	(3,270)
(d) staff costs	(1,612)	(1,612)
(e) administration and corporate costs	(164)	(164)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	31	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(753)	(753)
1.7 Research and development refunds	-	-
1.8 Other (GST)	57	57
1.9 Net cash from / (used in) operating activities	291	291
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets – production properties	(885)	(885)

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	(885)	(885)

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	12,420	12,420
4.2	Net cash from / (used in) operating activities (item 1.9 above)	291	291
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(885)	(885)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(152)	(152)
4.6	Cash and cash equivalents at end of period	11,674	11,674

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	5,856	1,075
5.2 Call deposits	5,818	11,345
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)	11,674	12,420

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	69
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.		

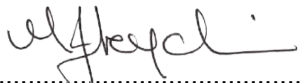
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	592
9.2 Development	806
9.3 Production	4,013
9.4 Staff costs	405
9.5 Administration and corporate costs	205
9.6 Other (tax)	358
9.7 Total estimated cash outflows	6,379

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	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	WA-389-P Carnarvon Offshore	Exploration permit	40%	100%

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: 
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Chief Financial Officer

Date: 25 October 2017

Print name: Melanie Leydin

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 2017**

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	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	Cue Exploration Pty Ltd	Carnarvon Offshore	100.00
WA-409-P	BP Developments Australia Pty Ltd	Carnarvon Offshore	20.00
New Zealand			
PMP 38160	OMV New Zealand Limited	Taranaki Offshore	5.00
	⁽ⁱ⁾ economic interest in the Jeruk field		8.1818