



# Cue Energy Resources Limited

A.B.N. 45 066 383 971

31 October 2012

PAGES (including this page): 21

Company Announcements Office  
10th Floor  
20 Bond Street  
Sydney NSW 2000

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## Quarterly Report for Period Ending 30 September 2012

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Attached please find Cue Energy Resources Limited release with respect to the above mentioned.

Yours faithfully

Andrew M Knox  
Public Officer

### CUE ENERGY OVERVIEW

Cue is an Australian based oil & gas company with projects in Australia, New Zealand, Indonesia and PNG.

#### THE COMPANY HAS:

- Long life production
- A strong balance sheet
- An active exploration program

#### CUE ENERGY DIRECTORS

- Richard Tweedie (Chairman)
- Timothy Dibb
- Geoffrey King
- Steve Koroknay
- Paul Moore
- Leon Musca
- Andrew Young

#### CUE ENERGY MANAGEMENT

- Mark Paton (CEO)
- Andrew Knox (CFO)
- David Whittam (Exp Man)

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#### LISTINGS

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



Cue Energy Resources Limited

## QUARTERLY REPORT

FOR THE QUARTER ENDING 30 September 2012  
(ASX: CUE, NZX: CUE, POMSOX: CUE, ADR/OTCQX: CUEYY)



*Mount Taranaki & Seismic Survey Vessel*

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# QUARTERLY REPORT

FOR THE QUARTER ENDING 30 September 2012

## HIGHLIGHTS

### Exploration Projects

- In the Mahakam Hilir PSC onshore Kutei Basin, Indonesia the Naga Merah well planning is underway.
- Cue has applied for the renewal of WA-359-P for a five year term and has committed to drill a well in this permit. Cue will own 100% of the permit and be the Operator, subject to government approval.
- Data from Banambu Deep-1 is being incorporated into Cue's significant North West Shelf Seismic database to firm up drilling candidates for the next phase of exploration, with the Caterina prospect showing promise.
- The PEP51313 permit renewal has been applied for with a well commitment.

### Development Projects

- Maari second stage development being progressed.

## FINANCIAL SUMMARY

- **Quarterly Revenue**

Revenue receipts from hydrocarbon production for the quarter were A\$11.64 million on sales of 87,357 barrels of oil and 643,557 million cubic feet of gas.

- **Hedging**

Cue has no hedging in place.

- **Project Debt**

Cue has no debt.

- **Cash Position**

Cash on hand at the end of the quarter is A\$38.19 million.

# ACTIVITY REVIEW

## AUSTRALIA



*Seismic Vessel: Geowave Champion*

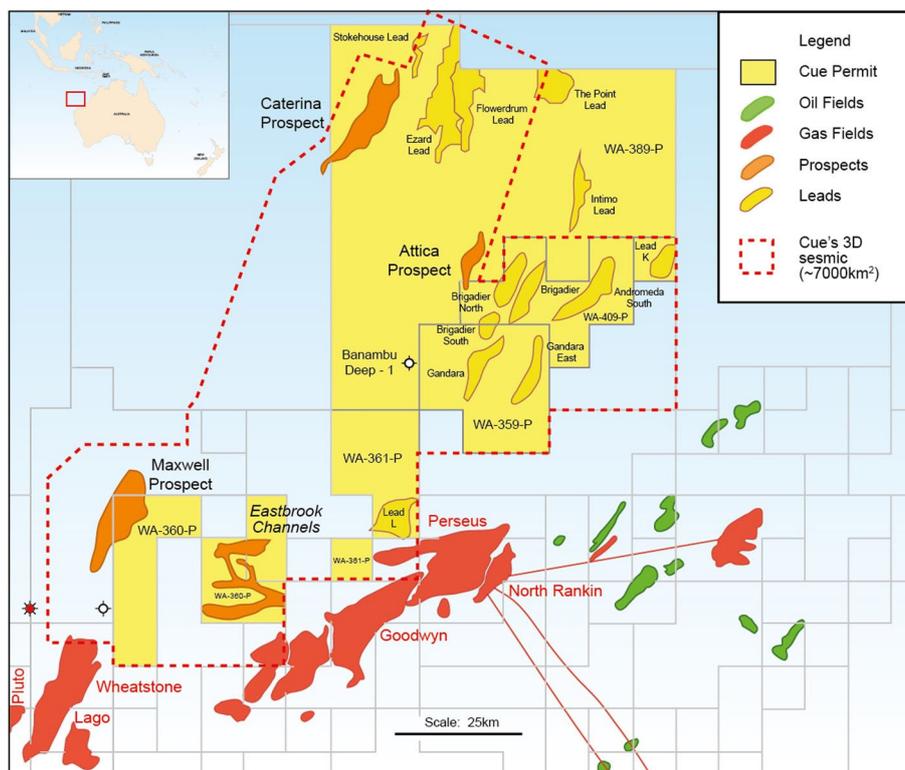
Cue has over 7,000km<sup>2</sup> of modern 3D seismic data over the North Carnarvon Basin and is re-evaluating all permits with this data and integrating all recent key well data. This work will reinvigorate Cue's prospects and leads inventory in this highly prospective petroleum province.

**WA-359-P & WA-409-P Carnarvon Basin**  
**Western Australia (30% interest)**  
**Operator: Apache Northwest Pty Ltd**

The renewal of WA-359-P for a five-year term is expected to be granted by NOPTA during the fourth quarter. Cue is renewing the permit as 100% owner and operator subsequent to the withdrawal of Apache Northwest Pty Ltd and Exoil Pty Ltd. Cue has entered into a well commitment in year 3 of the permit renewal term. A prospect called Brigadier South has been identified as a potential drilling candidate.

**WA-389-P Carnarvon Basin**  
**Western Australia (35% interest)**  
**Operator: Woodside Burrup Pty Ltd**

Following drilling of Banambu Deep-1 during the last quarter, the well results are being integrated into the evaluation of the remaining potential of the permit with a view to firming up candidates for future drilling in the permit. Significant work has already been done to bring the Caterina prospect to drillable status and this is a strong candidate for the next well, however there are several other leads in the acreage that have the potential to mature into future drilling candidates.



*Carnarvon Basin Licenses showing prospects, leads, seismic*

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**WA-360-P Carnarvon Basin –Western Australia  
(37.5% interest)**

**Operator: MEO Australia Ltd**

Following renewal of the permit in March 2012 for a five-year term, the Joint Venture elected to accelerate the Year 1 Work Program with the purchase of a portion of the Foxhound 3D seismic survey over WA-360-P. Additional data was subsequently purchased to improve the well tie to Wheatstone and the interpretation and mapping of the Maxwell prospect.

Reprocessing of Foxhound data is expected to commence early in 2013 to provide depth migrated data to fully characterize the Maxwell prospect.

**WA-361-P Carnarvon Basin – Western Australia  
(15% interest)**

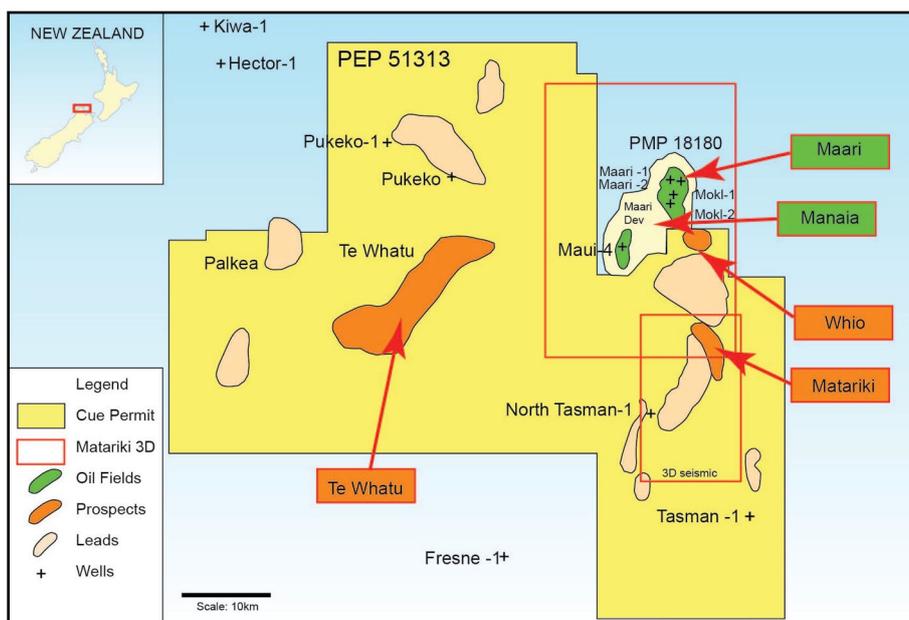
**Operator: MEO Australia Ltd**

During 4Q, 2011 Fugro Multi Client Services Pty Ltd completed the acquisition of the 1,318 sq km Zeus multi-client 3D seismic survey. The Joint Venture has committed to purchase 363 sq km of this survey which will meet the Permit Year 2 (Jan 2012 – Jan 2013) work program obligation. The final processed data has been received in Q3 2012 and will be merged with the existing data set, prior to interpretation and prospect evaluation.

# NEW ZEALAND

**PEP51313 Offshore Taranaki Basin (20% interest)**  
**Operator: Todd Exploration Limited**

The new 2D seismic data acquired and processed in 2011 completed the license commitment until July 2012 for the western area of the permit. This data has been integrated with the existing 2D seismic and fully interpreted over the permit which has enhanced the understanding of the Cretaceous North Cape Formation and highlighted the potential for this to form a significant play in the acreage. The Te Whatu prospect and the Pukeko North East prospect both stand out as robust structures that have four way dip closure with good vertical relief.



*PEP 51313 Prospects and Leads Map*

Both prospects benefit from local well control with the Pukeko-1 well, drilled in 2004 by a previous block owner, which encountered live oil in sidewall cores taken within reservoir quality sandstones of the North Cape Formation, proving the key play elements are present in the prospect area. The well demonstrates the presence of reservoir and seal, both of which can be tied using the new 2D data across both structures and across to the Maui-4 well. Maui-4 was a deep well that penetrated the Rokopi Formation which contains coals and shales that provide the proven oil prone source rocks for the discovered fields. These source beds can be correlated into the western portion of PEP 51313 and directly underlie the Te Whatu and Pukeko East prospects, where they are currently mature for oil generation.

	P90	P50	P10	Mean
Te Whatu	42	137	399	187
Pukeko North East	23	78	237	111
Whio	21	39	110	42

*Table 1 PEP 51313: Undiscovered Petroleum MMbbls Initially In Place*

Estimates of the range of undiscovered oil in place for the Te Whatu and Pukeko North East prospects are shown in Table 1. Both prospects are assessed as having significant potential with moderate probability of success. The Joint Venture is currently electing to enter the next license phase which is a two year term requiring a commitment to acquire a minimum of 250km<sup>2</sup> of 3D seismic data.

A new 288 square kilometre 3D seismic survey was acquired jointly over the PMP 38160 (Maari, Manaia Fields) and the PEP51313 Whio prospect and the Paua lead. The survey was acquired in March 2012 and the data is currently being processed. The newly acquired 3D data will be merged with the existing Matariki 3D survey to provide a 3D seismic volume covering the Maari producing area and the prospects in the eastern portion of the permit. The merged volume is expected to be received during the Q4 of 2012 and will allow mapping of the subsurface “fill and spill” chain from Maari through Whio, to Paua and Matarikii.

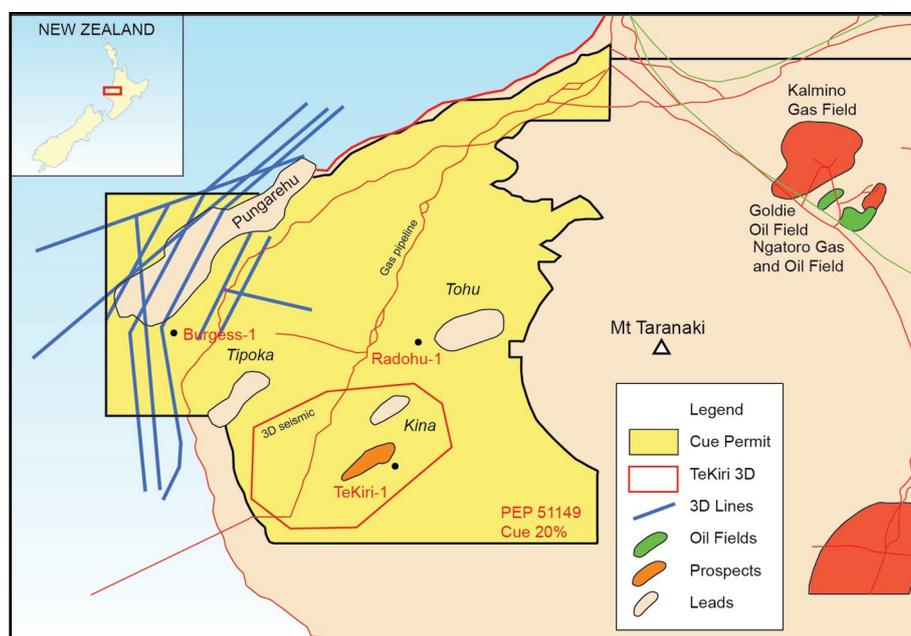
The Whio prospect has been evaluated using the existing 3D dataset and interpretation will be updated when the new processed data becomes available. The prospect is a modest- sized, robust structural culmination with four-way dip closure at the same three vertically stacked productive levels encountered within the Maari Field. The estimates of aggregated undiscovered in place petroleum for the three potential reservoir units are shown in Table 1. The Whio prospect is assessed to have a high probability of success.

The recent 3D data acquired over the Whio and Paua leads satisfies the eastern area license commitment and the current term is now due for renewal. The Joint Venture plans to enter the next license term which requires a commitment to drill a well within a two year period. Discussions are ongoing with the Maari Joint Venture with a view to gaining access to the Maari facilities for Whio production, in the event of a discovery. It is anticipated that Whio will be drilled during 2013, subject to the availability of a rig.

**PEP51149 Offshore Taranaki Basin (20% interest)**  
**Operator: Todd Exploration Limited**

Reprocessing of the existing 3D seismic data covering the Te Kiri prospect using pre-stack depth migration (PSDM) is on-going and is expected to be completed in Q4. The aim of the reprocessing is to provide improved resolution of the velocity anomaly over the Te Kiri North feature and potentially reduce the trap risk of the prospect.

Interpretation of the Pungarehu 2D was unable to confirm the presence of a trap and as a consequence the prospectivity of the offshore portion of the permit has been downgraded.



Map of New Zealand Permit 51149

**PMP 38160 Offshore Taranaki Basin (5% interest)**  
**Operator: OMV New Zealand Ltd**

**Maari and Manaia Fields**

Cue's net share of oil sales receipts from the Maari and Manaia fields was 37,476 barrels which generated A\$3.5 million in revenue received. Oil from Maari and Manaia is being commingled and produced jointly.

Downhole electrical submersible pumps difficulties continue. Average production during July and September was 10,900 bopd (Cue share 545 bopd).



*Maari Wellhead Platform*

# INDONESIA

## Sampang PSC- Madura Strait (15% interest)

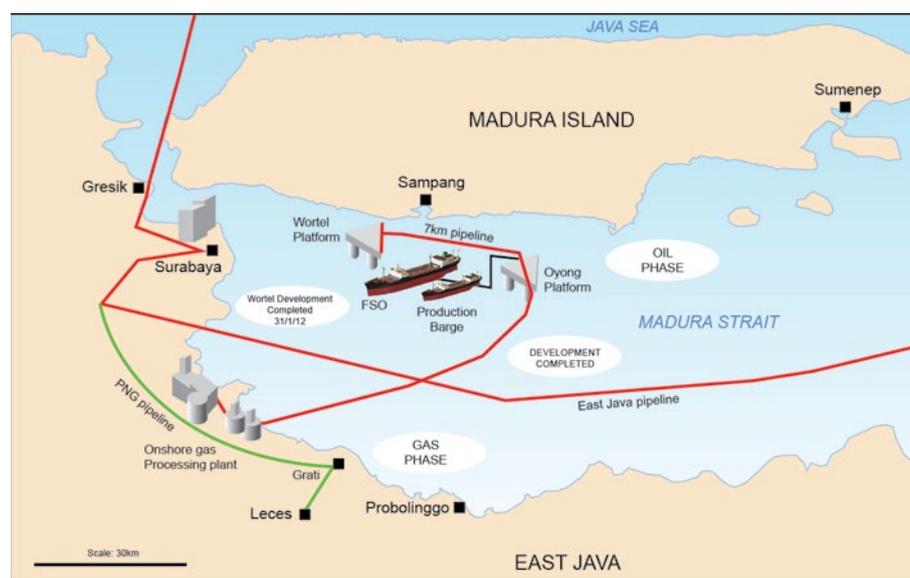
Operator: Santos

- **Oyong Field**

Cue's share of oil sales receipts from the Oyong field was 43,315 barrels which generated A\$4.5 million in revenue received, condensate sales receipts was 176 barrels which generated A\$0.011 million in revenue and gas sales of 239,099 mcf which generated A\$0.6 million in revenue received during the quarter. The Oyong oil production rate is currently around 2500 bopd (gross) and the gas rate is 38 MMscfd (gross).

- **Wortel Field**

Cue's share of gas sale receipts during the quarter was 404,458 mcf which generated A\$2.4 million in revenue, condensate sales receipts was 341 barrels which generated A\$0.021 million in revenue. Wortel-3 and Wortel-4 are both flowing at a combined rate of 47MMscfd (million standard cubic feet per day). The combined rate of Oyong and Wortel gas is 85MMscfd (90BBTU/d) (Billion British thermal units per day) which is equal to the contract quantity to be sold to PT Indonesia Power.Indonesia Power.

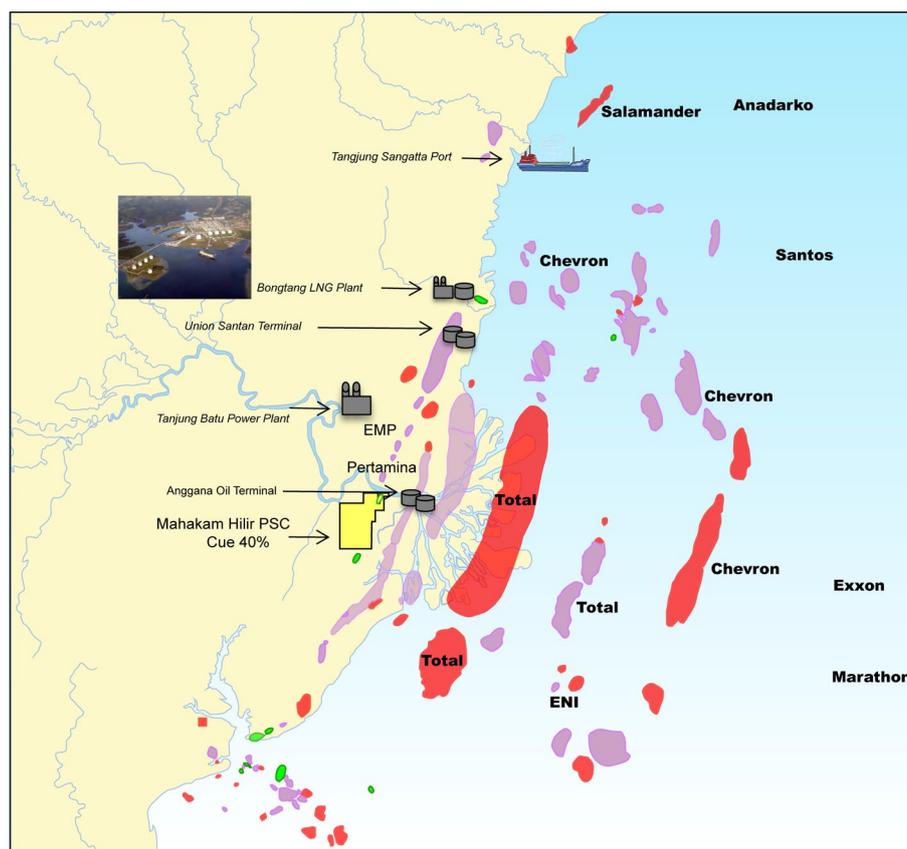


*Oyong and Wortel Field Schematic and Location Map*

**Mahakam Hilir PSC (40% interest)**  
**Operator: SPC Mahakam Hilir Pte Ltd**

- **Naga Utara**

Planning for the 2013 drilling campaign is underway. The first well will be drilled on the Naga Utara structure. In addition to gathering additional data from the gas-bearing reservoirs seen in Naga Utara-1, the well will be deepened to intersect potential gas-bearing intervals below the known pay.



*Mahakam Hilir PSC*

## PAPUA NEW GUINEA

**PDL 3 SE Gobe Field, PNG (5.568892% interest)**  
**SE Gobe Unit, PNG (3.285646% interest)**  
**Operator: Oil Search (PNG) Limited**

Cue's share of oil sales receipts was 6,049 barrels of oil from the SE Gobe field during the quarter which generated A\$0.6 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.

The gas export rate from the SE Gobe field is expected to be approximately 35MMscfd for ten years from June 2014.



*SE Gobe Camp & Facilities*

**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.

By Order of the Board



Andrew Knox  
Public 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.*

# 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 2012

### 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	11,641	11,641
1.2 Payments for (a) exploration and evaluation (refer 2.2)	(863)	(862)
(b) development	(1,242)	(1,242)
(c) production	(3,107)	(3,107)
(d) administration	(994)	(994)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	42	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(98)	(98)
1.7 Other – Hedging	-	-
<b>Net Operating Cash Flows</b>	<b>5,379</b>	<b>5,379</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(14)	(14)
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>(14)</b>	<b>(14)</b>
1.13 Total operating and investing cash flows (carried forward)	5,365	5,365

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

1.13	Total operating and investing cash flows (brought forward)	5,365	5,365
	<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>	5,365	5,365
	<b>Net increase (decrease) in cash held</b>	5,365	5,365
1.20	Cash at beginning of quarter/year to date	33,733	33,733
1.21	Exchange rate adjustments to item 1.20	(912)	(912)
1.22	<b>Cash at end of quarter</b>	38,186	38,186

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

1.25 Explanation necessary for an understanding of the transactions

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**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	2,383
4.2 Development	1,224
4.3 Production	4,341
4.4 Administration	1,289
<b>Total</b>	<b>9,237</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	288	133
5.2 Deposits at call	37,898	33,600
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>38,186</b>	<b>33,733</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: .....  
Public Officer

Date: 31 October 2012

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 2012**

**Amended List of Mining Tenements**

<b>PERMIT</b>	<b>OPERATOR</b>	<b>CUE INTEREST (%)</b>
<b>Petroleum Properties</b>		
<b>Indonesia</b>		
Sampang PSC <sup>(i)</sup>	Santos (Sampang) Pty Ltd	15.00
Mahakam Hilir PSC	SPC (Mahakam Hilir) Pte Ltd	40.00
<b>Papua New Guinea</b>		
PRL 14	Oil Search (PNG) Limited	10.947
PDL 3	Barracuda Pty Ltd	5.568892
PRL 9	Oil Search (PNG) Limited	14.894
SE Gobe Field Unit	Oil Search (PNG) Limited	3.285646
<b>Australia</b>		
WA-359-P <sup>(ii)</sup>	Apache Northwest Pty Ltd	30.00
WA-360-P	MEO Australia Limited	37.50
WA-361-P	MEO Australia Limited	30.00
WA-389-P	Woodside Burrup Pty Ltd	35.00
WA-409-P	Apache Northwest Pty Ltd	30.00
<b>New Zealand</b>		
PMP 38160	OMV New Zealand Limited	5.00
PEP 51313	Todd Exploration Limited	20.00
PEP 51149	Todd Exploration Limited	20.00
<sup>(i)</sup>	Economic interest in the Jeruk field	8.181818
<sup>(ii)</sup>	Cue has applied for permit renewal of WA-359-P and if granted will increase the equity to 100% after withdrawal of the other parties.	