



Cue Energy Resources Limited

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TO : Company Announcements Office
10th Floor
20 Bond Street
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DATE : 30 April 2012

PAGES (including this page): 18

FROM : Andrew Knox

RE : **Quarterly Report for Period Ending 31 March 2012**

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

Yours faithfully

A handwritten signature in black ink, appearing to read "Andrew Knox".

Andrew M Knox
Public Officer



Cue Energy Resources Limited

QUARTERLY REPORT

FOR THE QUARTER ENDING 31 March 2012

(ASX: CUE, NZX: CUE, POMSOX: CUE, ADR/OTCQX: CUEYY)



Seismic vessel Polarcus in operation at Maari, Taranaki Basin, New Zealand

QUARTERLY REPORT

FOR THE QUARTER ENDING 31 MARCH 2012

HIGHLIGHTS

Exploration Projects

- WA-389-P drilling prospect confirmed. Drilling of Banambu Deep prospect to commence mid-May. Cue to be free carried through this well.
- Mahakam Hilir PSC onshore Kutei Basin, Indonesia Drilling of the Naga Utara –1 gas discovery well completed.
- Naga Selatan oil exploration well spudded.
- Working interest in WA-360-P increased to 37.5%. Seismic data purchased over sizable Maxwell lead.

Development Projects

- Wortel development completed with first gas production on 31st January.

Financial

- Final debt repayment at end of quarter. Company now debt free.
- Final hedge payment made. Company now unhedged.

FINANCIAL SUMMARY

- **Quarterly Revenue**

Revenue receipts from hydrocarbon production for the quarter were A\$7.1 million on sales of 59,234 barrels of oil and 432 million cubic feet of gas.

- **Hedging**

Cue has no hedging in place.

- **Project Debt**

Final project debt repayment of approximately A\$2.5 million has been made. The company is now debt free.

- **Cash Position**

Cash on hand at the end of the quarter is A\$42.3 million.

ACTIVITY REVIEW

AUSTRALIA

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

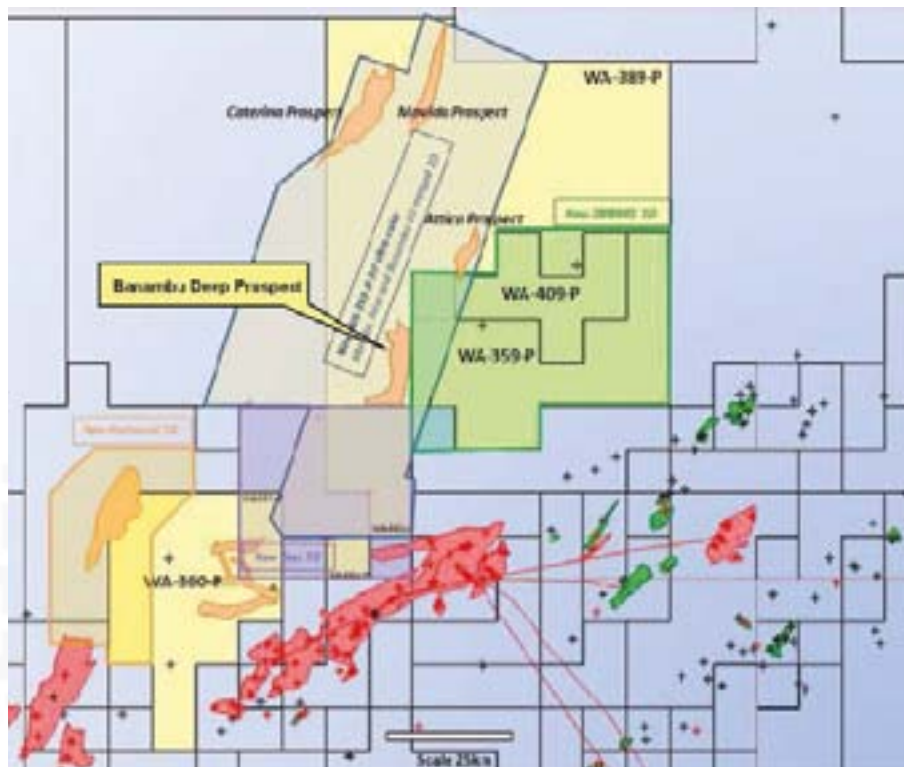
The current license term is due to expire on the 31 July 2012 and an application to renew the permit has been submitted to the government by the Joint Venture. Interpretation of the Zeebries 3D seismic survey is ongoing with the objective of defining new drillable prospects.



Ocean America Semi Submersible Drill Rig

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

The Joint Venture has agreed to drill the Banambu Deep Prospect. It is expected to spud in mid May 2012. It is proposed to drill to a TD (total depth) of 4712m to test an intra-mungaroo channel target using the rig Ocean America. Drilling is expected to take approximately 60 days on a trouble free basis.



Carnarvon Basin Licenses (WA-389-P, WA-409-P, WA-359-P, WA-360-P, WA-361-P)

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

Operator: MEO Australia Ltd

The Joint Venture has purchased the Foxhound 3D seismic data and commenced detailed technical studies of the Maxwell lead.

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

Operator: MEO Australia Ltd

The acquisition of the Zeus-MC 3D seismic survey which will cover part of WA-361-P has been completed. The 3D seismic data is expected to be available for interpretation in second quarter 2012.

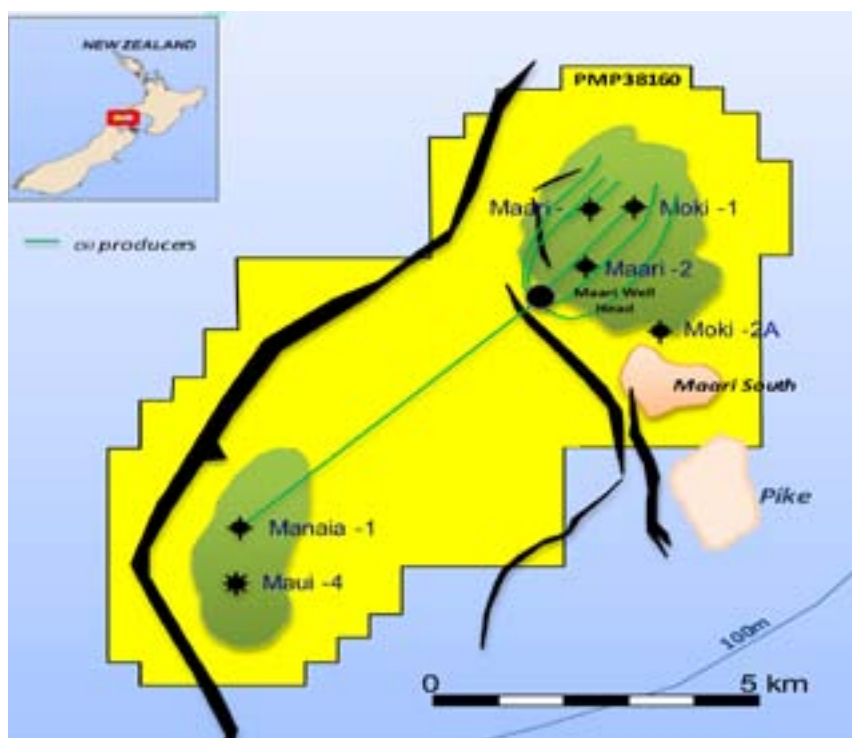
NEW ZEALAND

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

OMV, the operator of the Maari field in the adjacent permit has completed acquisition of the Maari 3D seismic survey. This extends across the Maari field and the Pike prospect in PEP 51313. The processed data will be available in fourth quarter 2012 and the Pike feature will be further defined with a view for possible drilling using the rig which is mobilised for Maari appraisal drilling. The 3D seismic will be used for planning and well placement during appraisal and phase 2 development of Maari, Manaia and surrounding accumulations. The seismic data will also provide more information on the migration pathway for crude oil into the prospects to the south of Pike including Matariki.

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

Interpretation of the new Pungarehu 2D onshore-transition zone and offshore seismic is progressing.



Maari Field Location Map

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 33,447 barrels which generated A\$3.2 million in revenue received. Oil from Maari and Manaia is being commingled and produced jointly.

Problems with downhole electrical submersible pump (ESP) reliability continue with failures of the ESP's in MR3 and MR4. A workover to replace the ESP in MR 1 and 4 have been completed during the quarter and workover of MR3 is ongoing.

A complete production shutdown occurred for a week in early March due to card failures within the Honeywell distributed control system. The appropriate repairs have been made and production has recommenced. As a consequence the average production over the month of March has been around 8000bopd(barrels of oil per day) (400bopd Cue share).

3D seismic acquisition over the Maari field and Pike prospect commenced on 31st March and is now completed.



Maari Wellhead Platform and Raroa FPSO

INDONESIA

Sampang PSC- Madura Strait (15% interest)

Operator: Santos

- **Oyong Field**

Cue's share of oil sales receipts was 22,357 barrels which generated A\$2.4million in revenue and gas sales of 431,771 million cubic feet which generated A\$1.1 million in revenue received respectively during the quarter.

The Oyong-11 infill well has been completed and commissioned. It is producing approximately 1050bopd, consequently the total rate from Oyong is now steady at an average rate of around 3200bopd. (Cue share 480bopd).

- **Wortel Field**

Production from Wortel commenced on 31st January. 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 Indonesia Power.



Oyong and Wortel Field Location Map

Mahakam Hilir PSC (40% interest)

Operator: Spc Mahakam Hilir Pte Ltd

- **Naga Utara**

- Drilling the Naga Utara well was completed in late March.
- The well was plugged and suspended pending possible further evaluation.
 - MDT (modular dynamic test) log recovered gas samples from 6 inch hole. The well encountered two high pressure gas sands during drilling and gas was flared during well control for several days.
 - An open hole DST (drill stem test) was not effectively completed as formation collapse appeared to have inhibited flow from the open hole section.
 - A cased hole DST was performed on a secondary target after perforating the 7" liner. Gas and water rates were not accurately recorded. The formation is considered a tight gas or gas/water zone.



Well Site at Naga Utara-1

- **Naga Selatan**

Drilling commenced at Naga Selatan on 21 April 2012. The Naga Selatan (Southern Dragon) prospect is situated approximately 7.5km to the west of the producing Sanga Sanga oilfield. Naga Selatan is an oil prospect.

It is proposed to drill to a TD (total depth) of 6500ft MD (measured depth) and expected to take 33 days to reach TD followed by a further 15 days for evaluation if required.

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 3430 barrels of oil from the SE Gobe field during the quarter which generated A\$0.36million 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.



SE Gobe Facilities

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

PRL 09 (14.89% interest)
Operator: Oil Search (PNG) Limited

The Joint Venture has applied to defer the drilling of Barikewa-3 appraisal well pending further market studies for the gas.

PRL14 (10.947% interest)
Operator: Oil Search (PNG) Limited

No significant activity to report.

CORPORATE

Cue has appointed a new Exploration Manager, David Whittam, who will commence with the company 1 July 2012. Terry White has decided to retire from full time employment to pursue his personal interests. The Board and Management of Cue thank Terry for his service to the company and wish him well for the future.

David brings to Cue 30 years exploration experience with significant knowledge of exploring for oil and gas in Europe, Africa, NW Australia and Deep Water Gulf of Mexico. David has formerly worked for both Woodside and BHP Petroleum and more recently with Karoon. David has a proven track record of recognising good exploration opportunities that have delivered material value to shareholders.

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")

31 March 2012

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	7,110	30,421
1.2 Payments for (a) exploration and evaluation (refer 2.2)	(1,208)	(9,286)
(b) development	(6,775)	(19,776)
(c) production	(3,413)	(10,001)
(d) administration	(591)	(3,523)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	47	205
1.5 Interest and other costs of finance paid	(29)	(52)
1.6 Income taxes paid	-	(2,327)
1.7 Other – Hedging	(93)	(926)
Net Operating Cash Flows	(4,952)	(15,265)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(11)	(52)
1.9 Proceeds from sale of:		
(a) prospects	-	7,984
(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	(11)	7,932
1.13 Total operating and investing cash flows (carried forward)	(4,963)	(7,333)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,963)	(7,333)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	58
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (refer 3.1(i))	-	-
1.17	Repayment of borrowings	(2,487)	(5,343)
1.18	Dividends paid	-	-
1.19	Share Issue Costs	-	-
	Net financing cash flows	(2,487)	(5,285)
	Net increase (decrease) in cash held	(7,450)	(12,618)
1.20	Cash at beginning of quarter/year to date	50,677	52,811
1.21	Exchange rate adjustments to item 1.20	(902)	2,132
1.22	Cash at end of quarter	42,325	42,325

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

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

Appendix 5B
Mining exploration entity quarterly report

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (i)	-	-
3.2 Credit standby arrangements	-	-

⁽ⁱ⁾ Final instalment of project finance payable for the Maari oil field development in the Taranaki Basin, New Zealand, was paid in the quarter. The facility was for US\$20M with BOS International (Australia) Limited, a part of the Bank of Scotland's global oil and gas business.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	11,558
4.2 Development	1,533
4.3 Production	3,856
4.4 Administration	1,248
Total	18,195

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	123	25
5.2 Deposits at call	42,202	50,652
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	42,325	50,677

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	695,153,053	695,153,053	-	-
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>			<i>Exercise Price</i>	<i>Expiry</i>
	1,033,333	-	15 cents	19/04/12
	533,334	-	20 cents	19/04/12
	866,667	-	22.5 cents	19/04/12
	866,666	-	25 cents	19/04/12
	333,333	-	35 cents	19/04/12
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	333,332	-	-	-
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: Date: 30 April 2012
 Public 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 2012

Amended List of Mining Tenements

PERMIT	OPERATOR	CUE INTEREST (%)
Petroleum Properties		
Indonesia		
Sampang PSC ⁽ⁱ⁾	Santos (Sampang) Pty Ltd	15.00
Mahakam Hilir PSC	SPC (Mahakam Hilir) Pte Ltd	40.00
Papua New Guinea		
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
Australia		
WA-359-P	Apache Northwest Pty Ltd	30.00
WA-360-P ⁽ⁱⁱ⁾	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
New Zealand		
PMP 38160	OMV New Zealand Limited	5.00
PEP 51313	Todd Exploration Limited	20.00
PEP 51149	Todd Exploration Limited	20.00
⁽ⁱ⁾	Economic interest in the Jeruk field	8.181818
⁽ⁱⁱ⁾	Subject to Government Approval increased to 37.5%	