



ABN 45 066 383 971

28 July 2014

PAGES (including this page):19

OTC Market Group Inc
News Service

Quarterly Report for Period Ended 30 June 2014

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)
- Andrew Young
- Rowena Sylvester
- Stuart Brown

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

SUMMARY OF ACTIVITIES

Sale/Farmdown Activity

- Cue is currently testing the market for the sale of its PNG assets portfolio
- Farming down Mahakam Hilir PSC, Indonesia (jointly with SPC)
- Farming down WA-359-P, Carnarvon Basin

Production

- Maari Growth Project drilling underway
- Sampang PSC Joint Venture has:
 - (i) approved a work over programme at Oyong to improve oil production;
 - (ii) approved a Wortel compressor upgrade to maintain gas production.

Exploration

- Whio (NZ) offshore exploration well now drilling - PEP 51313
- Te Kiri (NZ) onshore exploration well planned for 4th Qtr 2014 - PEP 51149
- Actively seeking new exploration acreage onshore Australia and Asia

Financial

- Quarterly Revenue:
Revenue receipts from hydrocarbon production for the quarter were A\$11.94 million on sales of 70,279 barrels of oil at an average price of US\$110 per barrel and 685,985 thousand cubic feet (Mcf) of gas at an average price of A\$5.33 per Mcf.
- Cue has no hedging in place
- Cue has no debt
- Cash on hand at the end of the quarter is A\$40.56 million

Production & Financial Summary

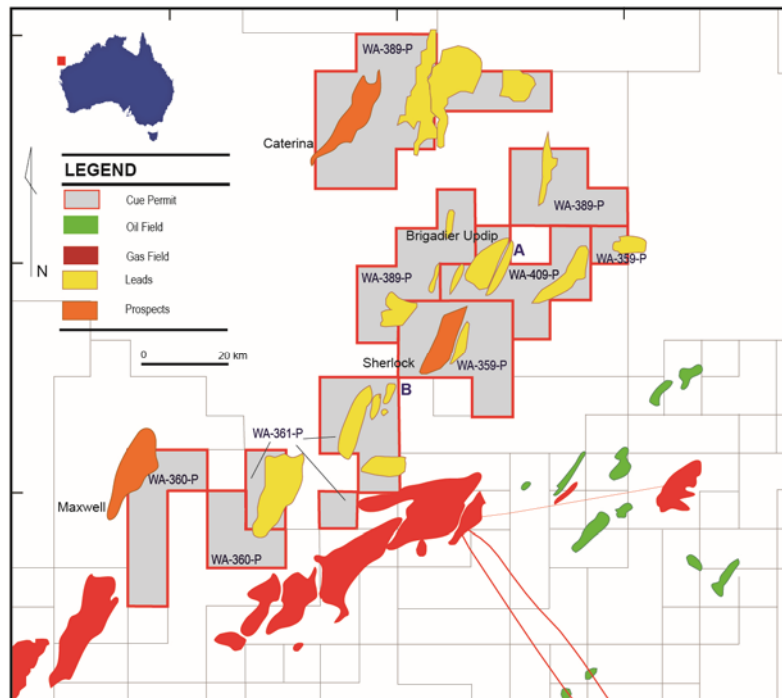
		June 2014 Quarter	Mar 2014 Quarter	Change %
Production bbls (net to Cue)	<i>bbl</i>	41,615	56,821	(26.76)*
Production mcf (net to Cue)	<i>mmcf</i>	720.14	844.91	(14.77)**
Liftings bbls (net to Cue receipts)	<i>bbl</i>	70,279	35,661	97.08
Liftings mcf (net to Cue receipts)	<i>mmcf</i>	685.99	817.83	(16.12)
Total Revenue Receipts	<i>A\$m</i>	11.94	8.89	34.31
Production Expenditure	<i>A\$m</i>	4.09	5.16	(20.74)
Closing Cash Position	<i>A\$m</i>	40.56	43.32	(6.37)

* Maari oil production interrupted for periods due to the Maari development drilling activities.

** Sampang gas production interrupted due to unavailability of customer facilities.

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 300 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 9th 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 18th 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.

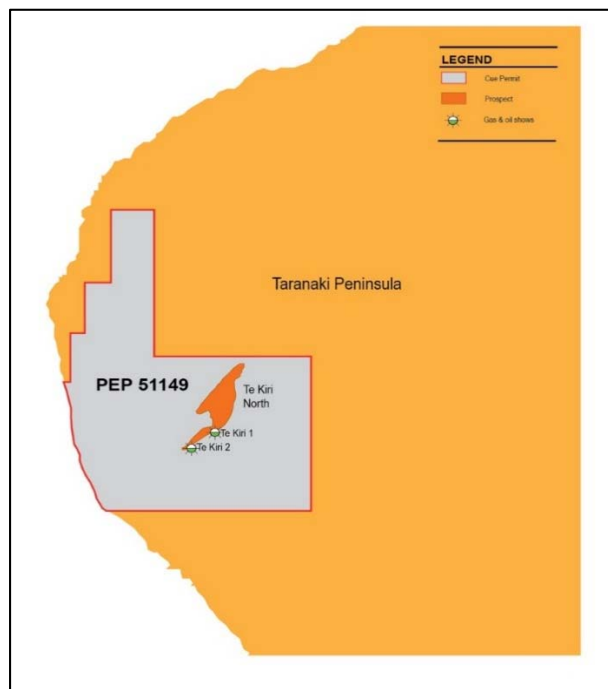
WA-360-P
Cue Interest: 37.5%
Operator: MEO Australia Limited

The WA-360-P Joint Venture has commenced reprocessing of approximately 650 km² 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 30th 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.

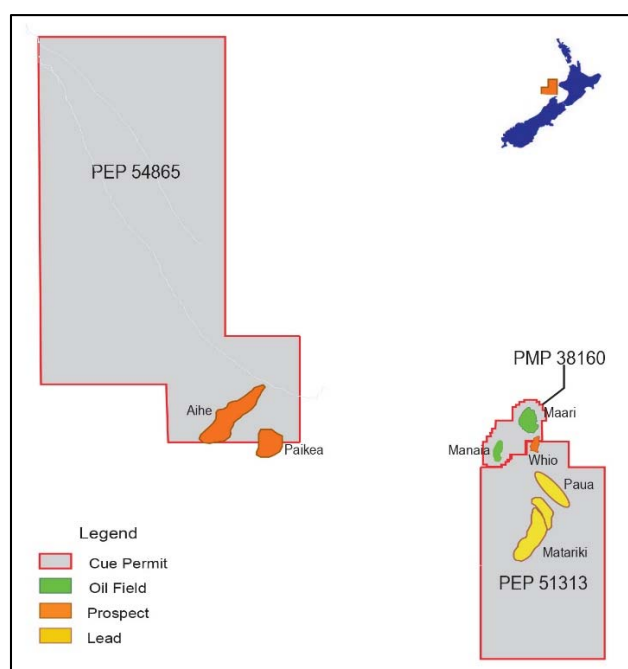
PEP 54865

Cue Interest: 20%

Operator: Todd Exploration Limited

The permit carries a minimum work program of 285 km² 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.

The Joint Venture is seeking a farminee to fund the seismic programme.



PEP 51313

Cue Interest: 14% interest

Operator: OMV New Zealand Limited

The Whio-1 exploration well was spud on 23rd of July. The well is located approximately 5 km from the Maari production facilities and is being drilled using the Kan Tan IV semi-submersible drilling rig. Water depth at the well location is approximately 100m and the well has a proposed total depth of 2700m. The well is expected to encounter similar geology to the Maari field with prospective hydrocarbon reservoirs in the M2A, Moki, Mangahewa, Kaimiro and Farewell formations.

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 a 14% interest in the remainder of PEP 51313 which includes the Paua and Matariki leads.

A successful well at Whio will open additional exploration potential along the Tasman Ridge to the south of Maari where several opportunities including the Matariki prospect have been identified on existing 3D seismic data.

PRODUCTION

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 39,895 barrels which generated A\$4.84 million in revenue received.

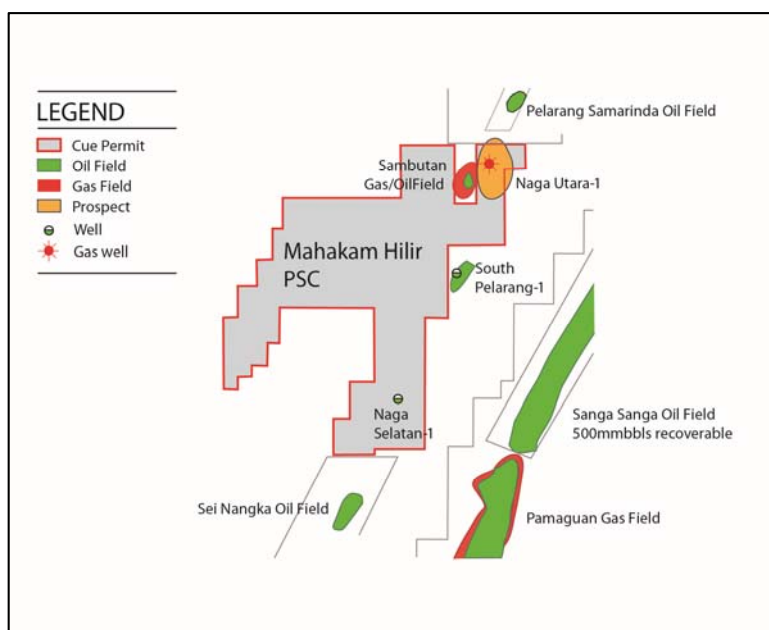
The oil production rate was approximately 8,760 gross barrels (Cue net: 438 bopd).

The drilling campaign supporting the Maari Growth Project continued through the quarter. The Ensco 107 jack-up rig has been drilling a Mangahewa Formation production well at Maari. The remainder of the programme includes 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. 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 in the first half of 2015.



Ensco 107 at Maari WHP

INDONESIA



EXPLORATION

Mahakam Hilir PSC

Kutei Basin

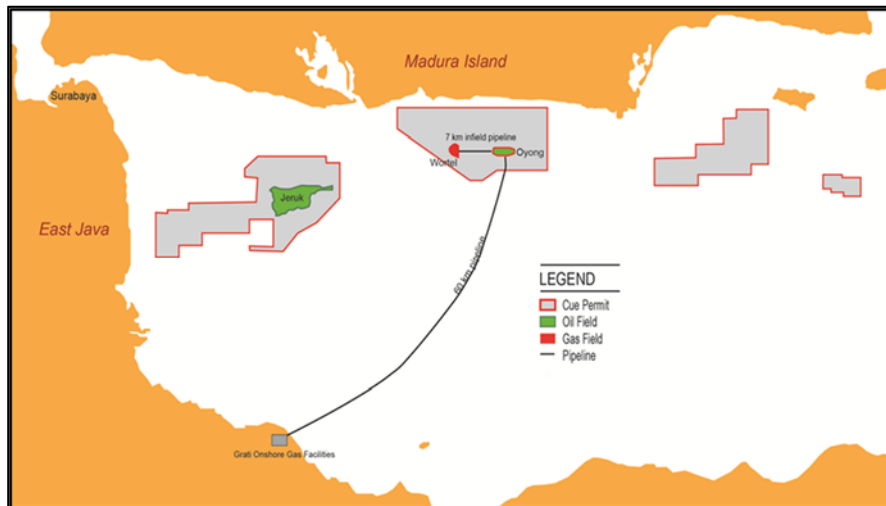
Cue Interest: 40%

Operator: SPC (Mahakam Hilir) Pte Ltd

Naga Utara

The Naga Utara-2 well was plugged and abandoned in early January 2014. Following evaluation of the well results, the Joint Venture decided to sell its interest in the block and the operator is marketing the property on behalf of both Cue and itself. A full exit from the permit will result in a writedown in the carrying value of the permit which predominately comprises of the costs of seismic acquisition and the drilling of exploration wells. The amount of writedown will depend on the terms of any sale of Cue's interest in the permit.

PRODUCTION



Sampang PSC- Madura Strait
Cue Interest: 15%
Operator: Santos (Sampang) Pty Ltd

Oyong Field

During the quarter, Cue's share of oil sales from the Oyong field was 26,786 barrels which generated A\$3.02 million in revenue received. Cue's share of condensate sales from the Oyong field was 74 barrels which generated A\$0.005 million in revenue and its share of gas sales was 267,131 Mcf which generated A\$0.784 million in revenue received.

The Oyong average oil production rate for the quarter was 1,465 bopd (gross) and the gas rate was 26.12 MMscfd (gross).

Based on continued improved production rates, the Joint Venture approved extension of the contracts for the Oyong production barge and FSO until September 2015. A programme of well interventions and recompletions, which will take place later, this year was also approved. The planned workovers will improve Oyong oil production with the potential to extend field life beyond the end of 2015.

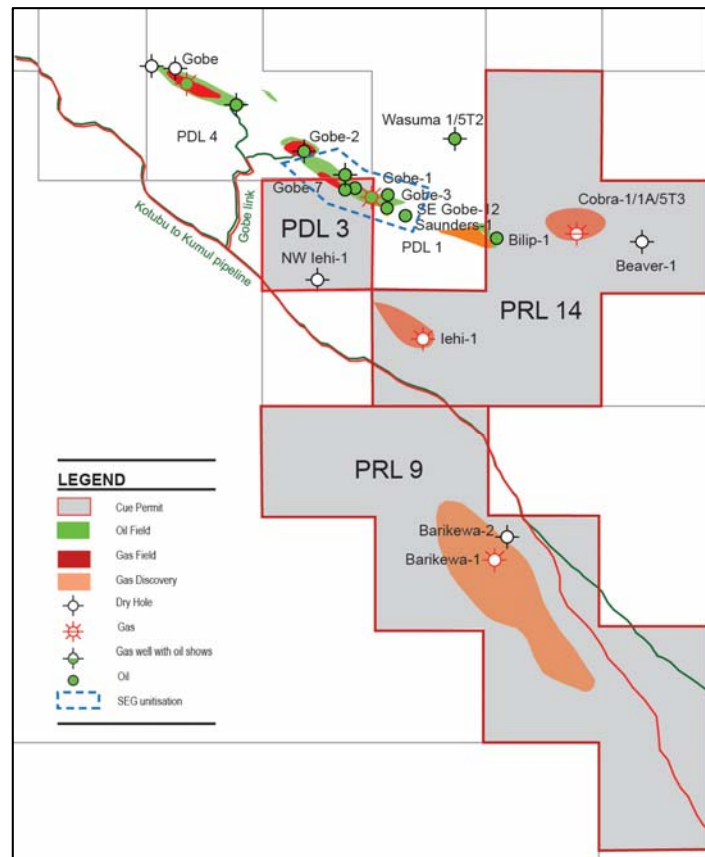
Wortel Field

Cue's gas sales during the quarter were 418,854 Mcf, which generated A\$2.87 million in revenue received. Condensate sales were 115 barrels which generated A\$0.008 million in revenue received.

Wortel-3 and Wortel-4 both flowed gas at a combined rate of 44.36 MMscfd during the quarter. The combined rate of Oyong and Wortel gas production is currently 70.81 MMscfd (75.77 BBTU/d) (Billion British thermal units per day).

The Joint Venture has approved the installation of compression at the Grati gas plant which will ensure that the Wortel project will continue to meet its gas sales contract volumes. Installation of the compressors will take place during the Fourth Quarter so that compression is available in early 2015. Gas-lift compressors will also be installed on the Oyong platform offshore.

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 was 3,409 barrels of oil from the SE Gobe field during the quarter, which generated A\$0.41 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 August 2014.

Cue is seeking offers for the purchase of the Company's PNG asset portfolio. The marketing of the portfolio is well advanced.

CORPORATE

Stock Exchange Listings

The Company currently has secondary listings on the following exchanges:

New Zealand Exchange (NZX)
Port Moresby Stock Exchange (POMSOX)
Over The Counter Quality Exchange (OTCQX)

The Company intends to de-list from these secondary exchanges as there has been minimal trading on these exchanges for a considerable period.

The NZX de-listing date will be effective at close of business on 29 August 2014 with the last day of trading on NZX Main Board being 26 August 2014.

Resignation of Director

Mr Paul D. Moore tendered his resignation as a director of Cue on 15 May 2014, due to his increasing responsibilities and workload as Chief Executive of Todd Energy, which now involve expanding international commitments and which make him unable to continue as a director of Cue.

Paul has been a great contributor to the revitalisation of Cue. The Board and the Company has benefited from his commercial and technical insights and support during the past two and half years.

Appointment of Directors

During the quarter, with effect from 30 May 2014, the Company was pleased to announce the appointment of Rowena Sylvester as a director of the Company.

From 1992 to 1997, Ms Sylvester has held senior Treasury positions with Ampolex Limited and Optus Vision Pty Ltd and has subsequently been a Director of Essential Energy, Australian Inland Energy Water Infrastructure, Emmlik Pty Ltd, Optus Superannuation Fund and the Australian branch of Habitat for Humanity.

Her current directorships include Yass Valley Council (Mayor), Director of Yass Valley Aged Care Limited, Yass District Education Foundation and Bellevale Cattle Company Pty Ltd.

Post the end of the quarter, with effect from 24 July 2014, the Company was pleased to announce the appointment of Stuart Brown as a director of the Company.

Mr Brown has held senior positions with Woodside Energy from 2002 to 2012, Shell International Exploration & Production from 1998 to 2002 and Shell UK E&P from 1993 to 1998. Prior to that he held various positions with Shell in Australia, The Netherlands, Syria and Turkey.

From September 2012 he has been a director of International Oil & Gas Strategies Pty Ltd and is currently a Non-Executive Director of Cossack Energy, Empire Oil & Gas and WHL Energy Ltd.



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)
RA Sylvester (Non Exec. Director)
AA Young (Non Exec. Director)
SA Brown (Non Exec. Director)

CHIEF EXECUTIVE OFFICER:

DAJ Biggs

CHIEF FINANCIAL OFFICER:

AM Knox

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New York, NY 10013-1015

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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")

30 June 2014

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	12 months \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	11,936	36,126
1.2	Payments for (a) exploration and evaluation (refer 2.2)	(738)	(10,245)
	(b) development	(1,713)	(14,017)
	(c) production	(4,089)	(18,505)
	(d) administration	(994)	(5,287)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	30	167
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(6,298)	(6,298)
1.7	Other – Hedging	-	-
Net Operating Cash Flows		(1,866)	(18,059)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(22)	(161)
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)		
Net investing cash flows		(22)	(161)
1.13	Total operating and investing cash flows (carried forward)	(1,888)	(18,220)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,888)	(18,220)
	Cash flows related to financing activities		
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,888)	(18,220)
1.20	Cash at beginning of quarter/year to date	43,315	58,829
1.21	Exchange rate adjustments to item 1.20	(869)	(51)
1.22	Cash at end of quarter	40,558	40,558

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	87
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' 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

-

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	5,852
4.2 Development	4,633
4.3 Production	5,579
4.4 Administration	1,873
Total	17,937

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	64	246
5.2 Deposits at call	40,494	43,069
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	40,558	43,315

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	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 +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>	-	-	-	-
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
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:
Chief Financial Officer

Date: 28 July 2014

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 JUNE 2014

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	SPC (Mahakam Hilir) Pte Ltd	Kalimantan Onshore	40.00
Papua New Guinea			
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
Australia			
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
New Zealand			
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
⁽ⁱ⁾	Economic interest in the Jeruk field		8.181818