

Chairman's Overview

Alastair McGregor

Dear Shareholders,

I am pleased to report a number of important developments for the company during the last year.

The most significant achievement was the finalisation of agreements to farmout and drill the Ironbark-1 exploration well in WA-359-P. Cue has maintained a 21.5% participating interest in the exploration asset alongside our new joint venture partners BP, Beach Energy and New Zealand Oil & Gas.

Finalising the Ironbark joint venture was a multi-year process, culminating with the farmin by New Zealand Oil & Gas, who acquired 15% participating interest and agreed to fund 2.85% of Cue's well costs. The New Zealand Oil & Gas farmin agreement allowed us to finalise previous agreements with BP, who held a 42.5% option and Beach Energy, who signed a farmin agreement with Cue for 21% participating interest in November 2017. Through these agreements, we have achieved full funding for the well.

NOPTA has approved the transfers of title and formal legal completion of the agreements occurred in June 2019. BP has taken over as operator of WA-359-P and detailed Ironbark-1 well planning is well underway. The Ocean Apex drilling rig is contracted to drill the well, which is currently scheduled for late 2020.

Cue's share of Ironbark-1 is fully funded through a combination of cost carries from our JV partners and our own cash, approximately \$11.5 million of which has been placed in escrow and earmarked to meet our obligations to the joint venture.

The Paus Biru-1 exploration well in the Sampang PSC, Indonesia resulted in a gas discovery in December 2018. We are obviously very pleased with this result as the gas is easily commercialisable through existing infrastructure and is set to provide a new source of revenue in the coming years. The operator is currently preparing a plan of development which will provide a timeline and budget for the project.

The Maari field in New Zealand and Sampang PSC, Indonesia, continue to provide stable revenue sources and positive cashflow to the company.

Cue ends the financial year 2019 in a financially strong position. We reported an after tax profit of \$8.5 million on an operating revenue of \$25.7 million and increased our cash balance by \$9.2 million to \$26.2 million. As previously mentioned, \$11.5 million of this cash is reserved for funding Cue's share of the Ironbark-1 well.

Although the funding for the Ironbark-1 well is confirmed, we will be prudent in fiscal management until the well is drilled and outcomes confirmed. If Ironbark is a success, the follow up targets in WA-389-P and WA-409-P will be de-risked and there may be the opportunity for further wells in these permits.

During the year, Mr Koh Ban Heng resigned as a director. Mr Koh was a director of Cue since 2015 and the Board thanks him for his contribution to the Company. In addition I would also like to take this opportunity to thank our staff in Australia and Indonesia for all their contributions, through what has been a year of positive developments for the Company.

Moving to the planning stage for the Ironbark-1 well represents a significant achievement for the company. We are looking forward to keeping you updated on our progress as we move towards drilling the prospect.

Sincerely



Alastair McGregor
Non-Executive Chairman

24 October 2019

