

Reserves and Resources

2P Reserves at Maari have remained consistent with 30 June 2018 after accounting for 2019 production, due to an upward revision based on enhanced performance from the MR6a well following changeout of the ESP, improved flow optimisation arising from Multi-Phase Flow Meter data and conversion of the MR5 well to water injection. An increase in the 2P reserves at Oyong is due to the availability of additional production data since the conversion of the field to gas only operations and a more detailed analysis confirming the expected ultimate recoveries.

NET TO CUE ENERGY RESOURCES LIMITED AS AT 30 JUNE 2019

RESERVES	CUE INTEREST	PROVED (1P)				PROVED & PROBABLE (2P)			
		DEVELOPED		UNDEVELOPED		DEVELOPED		UNDEVELOPED	
		OIL & CONDENSATE	GAS	OIL & CONDENSATE	GAS	OIL & CONDENSATE	GAS	OIL & CONDENSATE	GAS
		MMBBL	BCF	MMBBL	BCF	MMBBL	BCF	MMBBL	BCF
NEW ZEALAND									
Maari	5%	0.31	-	-	-	0.65	-	-	-
INDONESIA ⁽¹⁾									
Oyong	15%	-	1.08	-	0.26	-	2.48	-	0.60
Wortel	15%	0.01	1.40	0.000	1.26	0.02	2.99	0.00	1.12
Total Reserves ⁽²⁾		0.30	2.48	0.000	1.52	0.67	5.47	0.00	1.72
CONTINGENT RESOURCES ⁽³⁾									
FIELD (LICENCE)	CUE INTEREST	OIL & CONDENSATE		GAS					
		MMBBL		BCF					
INDONESIA									
Jeruk (Sampang PSC)	8%								
Total Contingent Resources ⁽⁴⁾									

(1) Cue Indonesian Reserves are net of Indonesian Government share of production

(2) Reserves for all fields are based on an independent technical review conducted by New Zealand Oil & Gas Limited (NZOG) and calculated using NZOG's technical recoverable quantities and Cue's cost and oil price assumptions. Deterministic methods were used for reserves

(3) Contingent resources are quantities of petroleum estimated to be potentially recoverable through development of known accumulations but which are not currently considered to be commercially recoverable due to one or more contingencies. The term 2C refers to a best estimate scenario of contingent resources. A 'best estimate' is the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate

(4) Paus Biru Gas Discovery resource has not been included as a Contingent Resource due to ongoing analysis by the Operator as part of the Plan of Development process.

GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Cue estimates and reports its petroleum reserves and resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007 (SPE-PRMS), published by the Society of Petroleum Engineers (SPE).

All estimates of petroleum reserves reported by Cue are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator.

Cue has engaged the services of New Zealand Oil & Gas Limited (NZOG) to independently assess the Maari, Oyong and Wortel reserves.

Cue reviews and updates its oil and reserves position on an annual basis, or as frequently as required by the magnitude of the petroleum reserves and changes indicated by new data and reports the updated estimates as of 30 June each year as a minimum.

QUALIFIED PETROLEUM RESERVES AND RESOURCES EVALUATOR STATEMENT

The reserves assessment has been completed and approved by Daniel Leeman and is based on, and fairly represents, information and supporting documentation reviewed. Daniel has 9 years of experience within the petroleum industry. Daniel has a MENG in Mechanical Engineering with a diploma in Business Management, a MSc in Petroleum Engineering and is a certified professional Engineer with the Institute of Professional Engineers New Zealand. Daniel is also an active member of the Society of Petroleum Engineers, Association of International Petroleum Negotiators and the Royal Society of New Zealand.

Reserves are quantities of petroleum anticipated to be commercially recoverable from known accumulations from a given date forward; that are judged to be discovered, recoverable, commercial and remaining. Probable (2P) reserves have a 50 per cent chance or better of being technically and economically producible. Proven (1P) reserves are those with a 90 per cent chance or higher and Possible (3P) are those with a 10 per cent chance or lower of being technically and economically producible. Developed reserves are expected to be recovered from existing wells and facilities. Undeveloped reserves are quantities expected to be recovered through future investments (e.g. new wells, compressors, and other facilities). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty. Oil and gas reserves reported in this statement are as at 30 June 2019.

All reserves and resources reported refer to hydrocarbon volumes post-processing and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F. All reserves reported are net of equity and government take, where summation has been applied it has been conducted arithmetically, so some numbers presented in tables may not add due to rounding.

Daniel is currently an employee of New Zealand Oil & Gas Limited whom, at the time of this report, are a related party to Cue Energy. Daniel has been retained under a services contract by Cue Energy Resources Ltd (Cue) to prepare an independent report on the current status of the entity's reserves. As of the 17th January 2017 NZOG held an equity of 50.04% of Cue.

TABLE 1: OIL AND CONDENSATE RESERVES AND RESOURCES RECONCILIATION WITH 30 JUNE 2018

1P Proved Oil and Condensate Reserves (MMBBL)						
FIELD (LICENCE)	CUE INTEREST	30 JUNE 2018 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2019 RESERVES
INDONESIA						
Oyong (Sampang PSC)	15%	0.00	0.00	0.00	-	0.00
Wortel ⁽¹⁾ (Sampang PSC)	15%	0.01	-0.003	0.01	-	0.01
NEW ZEALAND						
Maari ⁽²⁾ (PMP 38160)	5%	0.31	-0.12	0.11	-	0.30
Total Proved Oil and Condensate Reserves		0.32	-0.12	0.11	0.00	0.31
2P Proved & Probable Oil and Condensate Reserves (MMBBL)						
FIELD (LICENCE)	CUE INTEREST	30 JUNE 2018 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2019 RESERVES
INDONESIA						
Oyong (Sampang PSC)	15%	0.00	0.00	0.00	0.00	0.00
Wortel ⁽¹⁾ (Sampang PSC)	15%	0.03	-0.003	0.00	0.00	0.02
NEW ZEALAND						
Maari ⁽²⁾ (PMP 38160)	5%	0.67	-0.12	0.10	0.00	0.65
Total Proved & Probable Oil and Condensate Reserves		0.70	-0.12	0.09	0.00	0.67
2C Contingent Oil and Condensate Resources (MMBBL)						
FIELD (LICENCE)	CUE INTEREST	30 JUNE 2018 CONTINGENT RESOURCES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2019 CONTINGENT RESOURCES
INDONESIA						
Jeruk (Sampang PSC)	8%	1.24	-	-	-	1.24
Total Contingent Oil and Condensate Resources		1.24	-	0	-	1.24

TABLE 2: GAS RESERVES AND RESOURCES RECONCILIATION WITH 30 JUNE 2018

1P Proved Gas Reserves (BCF)						
FIELD (LICENCE)	CUE INTEREST	30 JUNE 2018 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2019 RESERVES
INDONESIA						
Oyong ⁽¹⁾ (Sampang PSC)	0.15	1.11	-0.56	0.79	-	1.34
Wortel ⁽¹⁾ (Sampang PSC)	0.15	2.90	-0.88	0.64	-	2.66
Total Proved Gas Reserves		4.01	-1.44	1.43	-	4.00
2P Proved & Probable Gas Reserves (BCF)						
FIELD (LICENCE)	CUE INTEREST	30 JUNE 2018 RESERVES	PRODUCTION	DISCOVERIES/ EXTENSIONS/ REVISIONS	ACQUISITIONS/ DIVESTMENTS	30 JUNE 2019 RESERVES
INDONESIA						
Oyong ⁽¹⁾ (Sampang PSC)	0.15	1.72	-0.56	1.92	-	3.08
Wortel ⁽¹⁾ (Sampang PSC)	0.15	4.80	-0.88	0.19	-	4.11
Total Proved & Probable Gas Reserves		6.52	-1.44	2.11	-	7.19