

# Chairman's Overview

Alastair McGregor

Dear Shareholders,

As you read this annual report, we are all living through the unprecedented global COVID-19 pandemic. This is having an unprecedented impact on how we all live our lives. Many are suffering with serious health consequences and through the pandemic's effect on the global economy. Like most industries, the Oil & Gas industry is not immune to effects of the pandemic. Many companies have been forced to significantly scale back their development programs and, in many cases, are dealing with a dramatically reduced demand outlook.

As with many other companies, our staff have had to adopt to new working conditions due to COVID-19 restrictions in both our Melbourne and Jakarta offices. The team has performed well in limiting the disruptions this has had on our business and in this regard I would like to thank all Cue's staff for their continued efforts in adapting to the new demands this crisis has imposed.

With this backdrop Cue has fared well compared to others in our industry. We have benefited from the diversity of our portfolio, with both gas sold under fixed price contracts and oil sold on the spot market. These diverse revenue streams have combined with our existing cash resources to provide continued support for our exploration and development programs.

As we move into FY21, Cue and its partners are in the final stages of preparation for the Ironbark-1 exploration well in WA-359-P. This is the most exciting opportunity that Cue has participated in for many years. The well is expected to commence drilling during Q2 FY21.

Cue has a 21.5% interest in the Ironbark well, which has an estimate of 15Tcf of prospective recoverable gas. The Ironbark prospect is only 50km from the North West Shelf LNG infrastructure, where our operator, BP, is a partner. If successful, Ironbark's proximity to this existing infrastructure should provide a clear path to commercialisation. In addition, Cue's interests in the nearby WA-409-P and WA-389-P blocks, provide a significant upside value opportunity if gas is discovered in the Deep Mungaroo formation targeted by the Ironbark-1 exploration well.

During the year, the Sampang and Maari assets continued to provide steady revenue and, although we saw extremely low oil prices for a period of time, our operating revenue of \$23.9 million was only \$1.8 million lower than the previous year.

Cue's cash balance increased by 22% to \$31.9 million over the year. With no debt, we are in a strong position to fund our share of Ironbark-1 well and other development opportunities.

The development of the Paus Biru gas field, Indonesia, is one such opportunity. As recently announced, the Indonesian government has approved the plan of development and the joint venture will now complete FEED studies and gas contracting with the aim of a final investment decision during the fiscal year.

Despite the challenging backdrop effecting our industry and our communities, we are all looking forward to the coming year. After many years of work, a number of exciting opportunities are set to become reality. We look forward to seeing that hard work come to fruition.

Sincerely



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Alastair McGregor  
Non-Executive Chairman

21 September 2020

