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# Chairman's Overview

Alastair McGregor

Dear Shareholders,

In this my first Chairman's statement I am very pleased to report that we have had a smooth transition in ownership structure, with O.G. Oil & Gas acquiring a controlling interest in New Zealand Oil & Gas during 2018 and new members joining the Cue Board of Directors. The new board of directors combines both experience and diversification. We welcome Peter Hood and Richard Malcolm on to the board as independent directors with considerable experience in the oil and gas industry. The Cue board and management team intends to leverage this expertise to further develop and add value to the business.

Cue reported a profit of \$7.74 million for the financial year 2018 and increased its cash reserves by \$4.56 million to \$16.98 million. This is a direct result of our improved cost control and increased revenues from the Maari fields, New Zealand and the Sampang PSC, Indonesia.

We see the Ironbark prospect in WA-359-P off Australia's northwest shelf being at the center of the company's strategy in the coming year. This is a world class exploration asset that the board is actively looking to pursue. Considerable work has been done to bring Ironbark to market. In doing so it has attracted interest from BP, who hold an option to acquire a 42.5% equity interest in the WA-359-P permit. Further, in November 2017, Beach Energy signed a farm-in agreement with Cue to take a 21% equity interest and fund 4% of Cue's costs of the Ironbark-1 exploration well. The Beach Energy farm-in agreement is conditional on BP exercising its option. We are now exploring funding options for Cue's share of the Ironbark-1 exploration well.

For a long time now Cue has had exposure to exploration and production in Indonesia. This is not always the easiest of operating environments, however we are pleased to see good progress in this geography. The Paus Biru-1 well in Sampang PSC, Indonesia is due to be drilled later this year. We believe that this well has the potential to increase gas production and extend the life of the permit.

I would like to take this opportunity to thank our staff in Australia and Indonesia. I acknowledge the work of the previous board and thank Matthew Boyall for managing the company during this time of change.

With a sustainable business and the exciting prospect of Iron bark, I look forward to a successful future for Cue.

Sincerely



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Alastair McGregor  
Non-Executive Chairman

24 September 2018