



ABN 45 066 383 971

Conditional Agreement for WA-359-P Joint Venture and Ironbark Exploration Well Funding

- Cue, BP, Beach Energy and New Zealand Oil & Gas have reached a conditional agreement to farm-in and drill the Ironbark-1 well
- BP to immediately take on well planning lead role
- BP to assume operatorship on satisfaction of certain conditions
- Cue to retain a 21.5% equity in WA-359-P with US\$11.3m carry funding

Melbourne, Australia 26 October 2018: Cue Energy Resources Limited (Cue) is pleased to announce that its 100% subsidiary Cue Exploration Pty Ltd, has executed an agreement (**Co-ordination Agreement**) with BP Developments Pty Ltd (**BP**), Beach Energy Limited (**Beach**) and New Zealand Oil & Gas where each of Cue, BP, Beach, and New Zealand Oil & Gas have agreed, subject to certain conditions being satisfied, to form a joint venture to drill the Ironbark-1 exploration well in WA-359-P.

In a separate ASX release today, Cue has announced the execution of an agreement for New Zealand Oil & Gas, to acquire 15% equity in WA-359-P (**the NZOG Farm-In**).

The Co-ordination Agreement sets out the activities that Cue, BP, Beach and New Zealand Oil and Gas have agreed to fund and undertake and will allow BP to commence work on the Ironbark-1 exploration well prior to the official title transfers and creation of a formal joint venture. Title transfer and joint venture formation is targeted during Q2 2019, once certain conditions, including regulatory approvals, are received. Until this time, Cue will retain 100% equity in WA-359-P and BP will act as operator on behalf of Cue in relation to planning for the Ironbark-1 well.

The Co-ordination Agreement is conditional on, amongst other things, Cue receiving shareholder approval for the NZOG Farm-In and regulatory approval of a Suspension & Extension to WA-359-P and the commitment well drilling deadline.

After the satisfaction of the conditions present under the Coordination Agreement, BP will formally assume the role of operator of WA-359-P and the participating interests in permit will be:

BP (operator)	42.5%
Cue	21.5%
Beach Energy	21%
New Zealand Oil & Gas	15%

Cue has previously announced individual agreements with each of the parties⁽¹⁾ providing for the acquisition of equity in WA-359-P. Pursuant to those agreements, BP, Beach and New Zealand Oil & Gas will collectively fund US\$11.3m of Cue's share of the Ironbark-1 exploration well costs. Cue will fund its remaining share of the well cost from its current cash reserves, which will be escrowed as required under the Coordination Agreement.

Cue CEO Matthew Boyall commented on the execution of the agreement:

"This is a great outcome for Cue. This agreement sets out a pathway for Cue, BP, Beach and New Zealand Oil & Gas to immediately commence detailed well planning work and form a fully funded joint venture to drill the Ironbark-1 exploration well.

BP are an experienced operator and have the technical capability to drill the Ironbark-1 well.

Cue estimates the Ironbark prospect contains 15Tcf of prospective recoverable gas⁽²⁾ at a 25% chance of success. Retention of 21.5% equity provides a company changing opportunity for Cue if the well is successful."

Any queries regarding this announcement should be directed to the Company on +613 8610 4000 or email mail@cuenrg.com.au.

⁽¹⁾ See ASX announcements 13 Oct 2016, 29 Nov 2017, 26 Oct 2018

⁽²⁾ **Prospective Resource Estimates Cautionary Statement**

The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

About Cue Energy:

Cue Energy Resources Limited is an Australian Stock Exchange (ASX:CUE) listed oil and gas exploration and production company. Cue's FY18 revenue was A\$24million from oil production in the Maari field, offshore New Zealand and oil and gas production in Sampang PSC, Indonesia. Cue has operated and non-operated interests in exploration permits in the Carnarvon Basin, offshore Western Australia and onshore Indonesia.