

# Activities Report

Quarter ending 30 June 2022

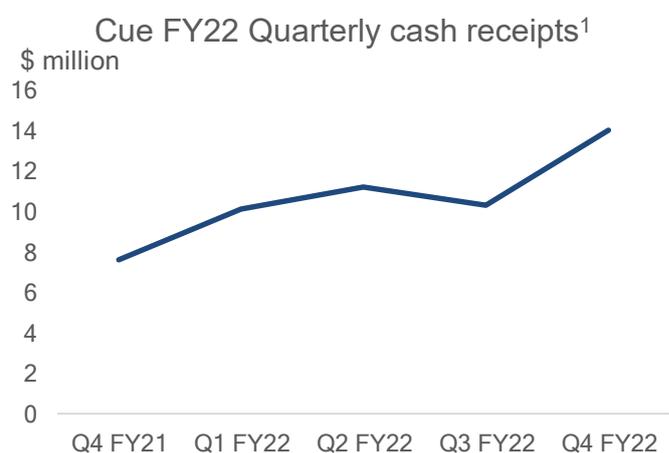
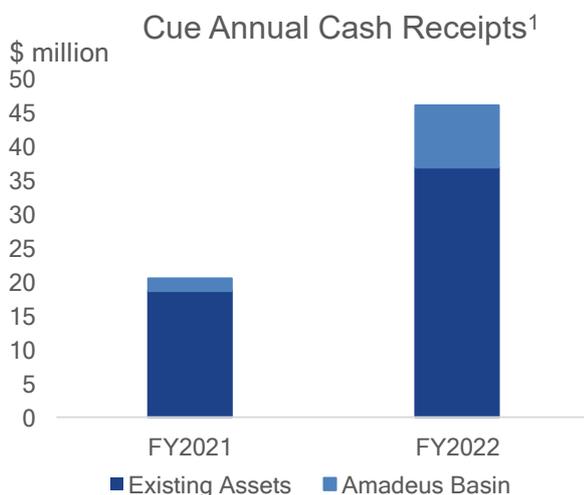
26 July 2022

## HIGHLIGHTS

- Cue recorded \$14.5 million cash receipts for the Quarter, for a total of \$46.2 million cash receipts reported during FY2022, an increase of 125% on FY2021 receipts reported.
- In the Mahato Production Sharing Contract (PSC) Indonesia, the PB-18 production well was completed and commenced production at 1000 barrels of oil per day (bopd).
- A further 11 development wells received approval for drilling as part of the current Mahato program.
- Palm Valley 12 (PV-12) well in the Amadeus Basin, Northern Territory, commenced during the quarter, and is currently drilling a horizontal lateral into the Pacoota P2/P3
- Daily uncontracted spot gas sales from Mereenie field commenced into the Australian East Coast market, receiving prices up to \$40/GJ

## PRODUCTION AND FINANCIAL RESULTS SUMMARY

Cue has increased cash receipts in FY2022 by 125% against FY2021. This growth is expected to continue as production wells are drilled in the Mahato PSC and development work is undertaken at Palm Valley and Mereenie fields.



<sup>1</sup>Attributable receipts from Cue's acquisition of Amadeus Basin assets were included from Q4 FY21, the quarter when the sales and purchase agreement was signed.

Cash receipts of \$14.5 million were 41% higher than the previous quarter, in part resulting from a larger than expected Maari oil sale in May which benefited from high oil prices, increased receipts from short-term Australian gas sales and \$0.9m in delayed Mahato receipts from last quarter which Cue received this quarter.

Daily sales of uncontracted spot gas from the Mereenie joint venture linked to East Coast trading hubs, including Brisbane and Sydney Short Term Trading Markets (STTMs), received prices up to \$40/GJ. Approximately 15% of Cue's Mereenie production is sold into the short-term market daily.

The average price received for all oil sales during the quarter was A\$148.6/bbl.

As announced on 24 June 2022, Cue executed an agreement with New Zealand Oil & Gas for a \$7.0 million loan to support Cue's existing exploration and development activities and ensure sufficient working capital remains available during expected periods of high expenditure in the near term.

Cash balance at the end of the quarter increased to \$23.2 million, including \$7.0m in loans, an increase of \$9.4 million from the previous quarter.

Near-term exploration and development activities which are expected to require funding from Cue's cash reserves are continued drilling of the PV-12 well and Mahato development wells, Mereenie well recompletions and development wells, and Paus Biru gas development Final Investment Decision.

Cue Energy FY2023 expected activities		Q1			Q2			Q3			Q4		
		JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Amadeus Basin	Palm Valley 12 Well <sup>(1)</sup>	■											
	Mereenie Well Recompletions <sup>(2)</sup>				■								
	Mereenie Development Wells <sup>(2)</sup>							■					
Mahato PSC	Development drilling 14 wells												
Sampang PSC	Paus Biru FID <sup>(2)</sup>				■								

<sup>(1)</sup> including P1 lateral option if required

<sup>(2)</sup> potential timing, subject to JV approval

				Q4 FY2022	Q3 FY2022
<b>Australia</b>	Production	Gas	PJ	0.34	0.37
		Oil	bbl	2,763	2,737
	Cash Receipts		\$ million	2.8	2.5
<b>Indonesia</b>					
Sampang PSC	Production	Gas	PJ	0.32	0.32
		Oil	bbl	636	548
	Cash Receipts		\$ million	3.1	3.2
Mahato PSC	Production	Oil	bbl	20,744	26,256
	Cash Receipts		\$ million	4.5	1.7
<b>New Zealand</b>	Production	Oil	bbl	18,468	18,170
	Cash Receipts		\$ million	4.1	2.9
<b>Total Production</b>				149.1	158.9
<b>Total Cash Receipts</b>				14.5	10.3
<b>Closing Cash</b>				23.22	13.80

Refer to Assets Summaries below for explanation of production changes.

## AUSTRALIA

### Cue Interests

**Mereenie** [OL4 & OL5]: 7.5%

**Palm Valley** [OL3]: 15%

**Dingo** [L7]: 15%

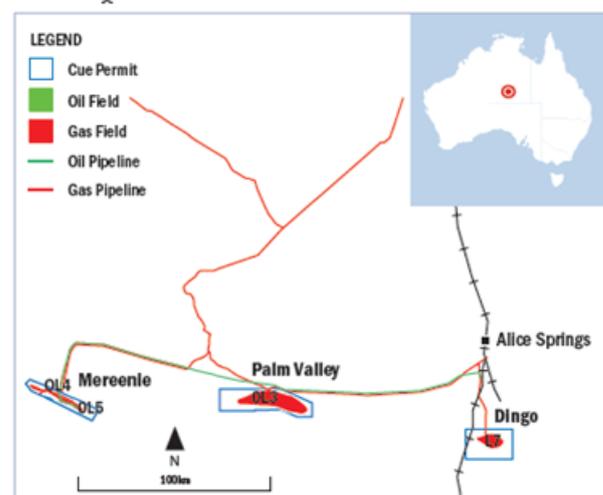
**Operator:** Central Petroleum Limited

Production from the Mereenie and Palm Valley fields continued to slowly decline in line with expectations, while Dingo production remained strong, in line with seasonal demand.

The coiled tubing campaign at Mereenie was completed and wells returned to production.

The Palm Valley 12 (PV-12) exploration well spudded 17 April 2022 to evaluate the gas potential of the Arumbera Sandstone formation at 3,560m.

AMADEUS BASIN LOCATION MAP - AUSTRALIA



Drilling experienced very challenging drilling conditions due to the fractures at this crestal location, and extremely hard rock formations.

On 12 July, the JV decided to stop drilling, having reached a depth of 2,335m. Flow tests through the lower P2 to P4 interval of the Pacoota Sandstone demonstrated minor gas flows to surface, and based on these results, the JV decided to replace the deeper Arumbera exploration target with an evaluation of the interval via a sidetrack at this level. The sidetrack will extend for approximately 1,000m, targeting the lower P2 and P3 formations (P2/P3). The P2/P3 is an attractive target with reduced drilling risk (relative to drilling a further 1,225m to the deeper target at this crestal location), lower development costs in a success case, and a greater overall chance of success.

If the sidetrack is unsuccessful, the shallower appraisal of the currently producing P1 Sandstone will be drilled (as previously planned).

The Dingo Deep exploration well, scheduled to follow the PV-12 well, will be deferred so capital can be redeployed to invest in new near-term development to increase production capacity at Mereenie or Palm Valley. The Dingo Joint Venture will reassess the priority of the Dingo Deep prospect at a future date.

The Mereenie JV is finalising plans for up to 6 well recompletions and 2 development wells to increase gas production in the Mereenie field. Subject to JV approvals, this development work is expected to be undertaken during FY2023.

## INDONESIA

### MAHATO PSC

**Cue Interest:** 12.5% (Cue Mahato Pty Ltd)

**Operator:** Texcal Mahato EP Ltd

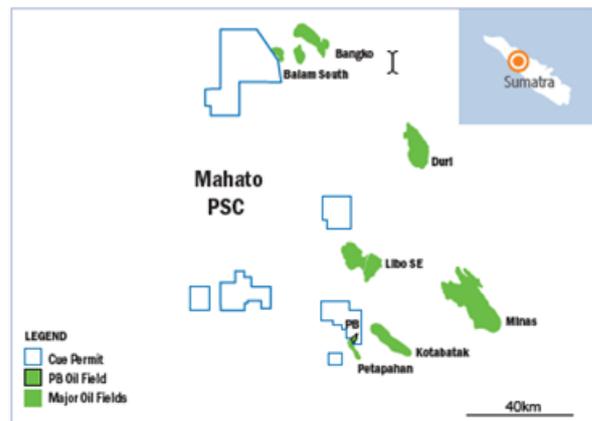
At the end of the quarter, PB field production was approximately 5,000 bopd. During the quarter, PB-18 production well was drilled and started producing. The next well in the schedule, PB-17, commenced drilling early in July.

Production during the quarter was lower than the previous quarter due to PB-05 and PB-03 wells being offline for repairs and maintenance. By the end of June, PB-05 was back online, with PB-03 expected by the end of July. As announced last quarter, the PB-08 well has been taken off production and is being converted into a water injection well.

On 14 June 2022, Cue announced the approval of a Field Development Optimisation (FDO) plan, by the Indonesian regulator. There are 20 approved production wells in the FDO, with three water injection wells. Including the recently completed PB-18, there are currently nine oil production wells and one water injection well in the field. The remaining 13 wells are expected to be drilled at a rate of approximately one per month over the next year.

PB-18 development well was drilled and completed during June and started production at 1000 bopd. It was completed in the Bekasap B and C sands, which are the main producing reservoirs in the field. PB-17 development well commenced drilling from the existing well pad in early July.

MAHATO PSC LOCATION MAP - INDONESIA



Production from the PB field is expected to increase as wells are drilled and put into production. Increased processing and pipeline capacity is included in the FDO approval to facilitate sales of any new oil production.

Cash receipts received during the quarter were \$4.5 million, a 174% increase on the previous quarter due to Q3 FY2022 revenue received in April, and a strong oil price. Mahato oil is sold monthly on a Brent price basis with an average \$1-\$2/bbl discount.

Planning for further exploration in the PSC is continuing with timing dependent of PB field development drilling.

## SAMPANG PSC

**Cue Interest:** 15% (Cue Sampang Pty Ltd)

**Operator:** Medco Energi Sampang Pty Ltd

Gas production from the Oyong and Wortel fields continued to perform to expectations during the quarter, with a combined average gas production rate of 30mmcf/d for the quarter.

Front End Engineering and Design (FEED) studies and reports were completed for the Paus Biru development and are under review by the JV partners.

The Paus Biru development is planned to consist of a single well and wellhead platform at the Paus Biru gas field, with a 27km subsea pipeline connecting the well to existing infrastructure at the Oyong field. Subject to final approvals, gas production from Paus Biru is expected to commence by 2025 at a rate of 20-25 mmcf/d.

Commercial agreements and approvals required are progressing and are expected to be completed shortly to allow the Sampang JV to make a Final Investment Decision during the September quarter.

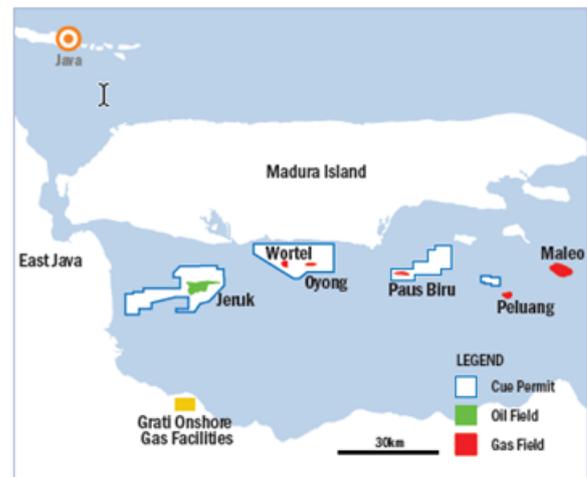
## Mahakam Hilir PSC

**Cue Interest:** 100% (Cue Mahakam Hilir Pty Ltd and Cue Kalimantan Pte Ltd)

**Operator:** Cue Kalimantan Pte Ltd

Processes are underway for surrendering the permit, which expired in April 2021. During the quarter, the Indonesian government completed an audit of drilling equipment held by Cue. Disposal of this equipment by the government is a key step in the relinquishment process and is expected to be completed by the end of calendar year 2022.

SAMPANG PSC LOCATION MAP - INDONESIA



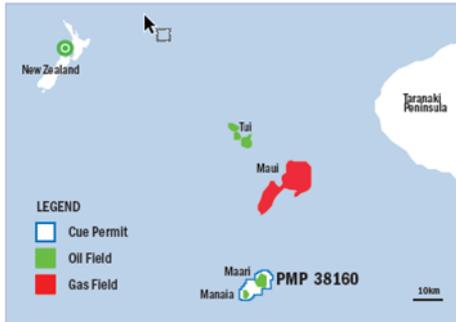
## NEW ZEALAND

### PMP 38160

**Cue Interest:** 5% (Cue Taranaki Pty Ltd)

**Operator:** OMV New Zealand Limited

TARANAKI PENINSULA LOCATION MAP - NEW ZEALAND



During the quarter, Maari production averaged approximately 4000 bopd, with MN1 production well shut in due to an Electric Submersible Pump (ESP) fault during May.

A workover was started in early July to replace the ESP and production is expected to restart during the current quarter.

At the MR6a well, temporary de-sanding equipment was installed and fully tested on the well to assess the oil producibility after being shut-in during 2021 due to sand production. The de-sanding equipment performed well but did not result in hydrocarbons being produced and the equipment was demobilized. The operator is preparing plans to enter the well and plug off the damaged section to enable oil production from part of the existing wellbore.

Regulatory approval processes for Jadestone Energy to acquire 69% operated working interest in Maari from OMV are continuing.

### For and on behalf of the Cue Energy Board

Matthew Boyall  
CEO

Any queries regarding this announcement should be directed to the Company on +61 3 8610 4000 or email [mail@cuenrg.com.au](mailto:mail@cuenrg.com.au).

All references to dollars, cents or \$ in this announcement are to Australian currency, unless otherwise stated.

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*Some of the more important of these risks, expectations and uncertainties are pricing and production levels from the properties in which the Company has interests and the extent of the recoverable reserves at those properties. In addition, the Company is involved in oil and gas exploration and appraisal. Exploration for oil and gas is expensive, speculative, and subject to a wide range of risks. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer, or other professional adviser as to the suitability for them of an investment in the Company.*

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