

Activities Report

Quarter ending 30 June 2021

30 July 2021

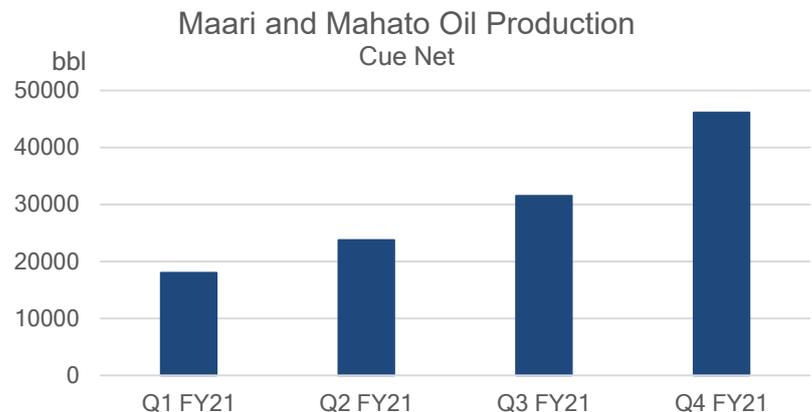
HIGHLIGHTS

- Acquisition of Mereenie, Palm Valley and Dingo production assets in the Amadeus Basin, onshore Australia
- 46% increase in oil production for the quarter from Maari and Mahato, totalling a 166% increase in net production over the last 3 quarters.
- Mahato PSC:
 - 5.8 million barrels of gross 2P recoverable oil reserves independently certified in the PB field
 - PB field oil production 3400 barrels per day (gross) from 5 wells. \$1 million in revenue to Cue during the quarter
 - PBE-1 well spudded to test any potential eastern extension to the main PB Field

PRODUCTION AND FINANCE SUMMARY

Oil production from Maari and Mahato was 46% higher than the previous quarter due to the drilling and completion of 3 Mahato PSC oil production wells.

Cue's net quarterly oil production from these fields has increased by 166% since Q1 FY21 to average over 500 barrels of oil per day (bopd) for the quarter. Average production is expected to increase during the current quarter, with a full period of 5 Mahato production wells.



Revenue for the quarter was \$5.7 million including approximately \$1 million from March and April oil sales in the Mahato PSC when production was approximately 1600 bopd. Revenues from Mahato are received approximately 6 weeks after the end of the production month. The average price received for all oil sales during the quarter was A\$84.41/bbl.

\$2.3 million in revenue from a Maari lifting during the quarter was received in July and will be reported in the current quarter.

Cash balance at the end of the quarter was \$17.6 million.

				Q4 FY2021	Q3 FY2021
Australia*	Production	Gas	PJ	0.36	-
		Oil	bbl	2,818	-
	Revenue		\$ million	1.9	-
Indonesia					
Sampang PSC	Production	Gas	mmcf	359	367
		Oil	bbl	565	652
	Revenue		\$ million	2.9	2.6
Mahato PSC	Production	Oil	bbl	22,119	7,690
	Revenue		\$ million	1.0	0
New Zealand	Production	Oil	bbl	24,020	23,824
	Revenue		\$ million	1.9	1.4
Closing Cash			\$ million	17.64	17.40

***Australian Assets:** On 25 May 2021, Cue announced that it had agreed to acquire Australian onshore assets subject to certain conditions, with an effective economic date of 1 July 2020. Completion is expected in the current quarter and the economic value shown in the table will be included to Cue as an adjustment to the completion payment.

ONSHORE AUSTRALIA ASSET ACQUISITION

On 25 May 2021, Cue announced the execution of a sale and purchase agreement with Central Petroleum Limited (ASX:CTP) to acquire interests in the Mereenie, Dingo and Palm Valley onshore gas and oil fields in the Northern Territory, Australia. See ASX release “Acquisition of Australian Production Assets” dated 25 May 2021.

On completion, Cue will acquire a 7.5% interest in the Mereenie gas and oil field (OL4 and OL5 production licences), a 15% interest in the Palm Valley gas field (OL3 production licence), and a 15% interest in the Dingo gas field (L7 Production Licence), all located in the Amadeus Basin, onshore Northern Territory.

On 2 July 2021, the Foreign Investment Review Board provided a no-objections letter for the acquisition. Other conditions to the transaction include approval by New Zealand Oil and Gas (NZOG) shareholders for NZOG to also enter into a transaction with CTP, which was satisfied on 24 June 2021, and other customary and regulatory approvals. These conditions are progressing and on track for completion during the current quarter. The transaction has an effective date of 1 July 2020.

Cue held a general meeting on 28 July 2021 to seek shareholder approval to grant security to New Zealand Oil & Gas related to Deeds of Cross Security as part of the asset acquisition. Shareholders approved the granting of the security.

MAHATO INDEPENDENT RESOURCE ASSESSMENT

As part of the documentation requirements for the Plan of Development (POD), which was approved by the Indonesian Government on 10 August 2020, independent certification of the PB field oil resource was undertaken. The Resources Certification was prepared for Texcal Mahato EP Ltd. the Operator of the Mahato PSC joint venture, by PT Gada Energi, a company owned by the Institut Teknologi Bandung (ITB) following the Indonesian Oil and Gas regulator, SKKMigas, guidelines for work procedures for a Plan of Development.

Under the Indonesian Government approved Plan of Development for the PB field, the gross economic reserves to the current end of the PSC term in 2042 are outlined in the table below.

	Gross Recoverable reserves (mmstb)
P90	4.388
P50	5.799
P10	6.980

POD approved gross recoverable reserves to permit end (2042) inclusive of Indonesian government share under the PSC

The POD approved reserves above are re stated below in 1P/2P/3P format:

	Gross Recoverable Reserves (mmstb)	Net to Cue at 12.5% Reserves (mmstb)
1P Total	4.4	0.55
2P Total	5.8	0.72
3P Total	7.0	0.87

POD approved gross/net recoverable reserves to permit end (2042) inclusive of Indonesian government share under the PSC

Cue recognises the work completed by the field operator (Texcal), the independent reserves review by PT Gada Energi and the approval of the POD by SKK Migas. The In-place volumes and reserves stated above reflect this work. Cue retains the right and will undertake regular reserves reviews in-line with actual drilling and production performance from the PB field as it is obtained over the coming months and years. This will be incorporated into an independent economic model and any changes to reserves will be updated and communicated in due course.

All reserves and resources reported refer to hydrocarbon volumes post-processing, net of fuel, and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F, extracted via nearby oil export pipelines.



In place volumes have been determined using probabilistic methods with recoverable reserves from a deterministic simulation model methodology and have not been adjusted for risk.

The Company will include any updates in its reserves and resources statement as part of its FY21 Annual reporting.

The reserves stated above are effective 10 August 2020 and follow the SPE PRMS Guidelines (2018). Net reserves are presented net of equity, determined by economic modelling on discounted cash flows performed at the gross field level as approved under the standard SKK Migas Plan of Development process.

All reserves and resources reported refer to hydrocarbon volumes post-processing, net of fuel, and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F. The extraction method is via EPF facilities which includes an oil and water separation system, with the oil then piped 6km to the CPI operated Petapahan Gathering Station.

This resources statement is based on, and fairly represents information and supporting documentation prepared by PT Gada Energi, a company owned by the Institut Teknologi Bandung (ITB) as the relevant certifying authority in accordance with the SPE PRMS Guidelines (2018).

PRODUCTION AND DEVELOPMENT

AUSTRALIA

Cue Interests (subject to completion of the transaction announced 25 May 2021):

Mereenie [OL4 & OL5]: 7.5%

Palm Valley [OL3]: 15%

Dingo [L7]: 15%

Operator: Central Petroleum Limited

Production from the fields was steady through the quarter with the fields' decline in line with operator's modelling.

In addition to base production, the Mereenie rig program commenced with four well re-completions conducted and drilling on the WM-27 well commenced. The re-completes have added incremental production. Long term performance is still undergoing review.

The Mereenie and Palm Valley fields were producing at close to capacity through the quarter and nominations for Dingo also remained strong.

Preparation for the potential exploration and appraisal drilling at the Palm Valley and Dingo fields in FY22 continues.

INDONESIA

SAMPANG PSC

Cue Interest: 15% (Cue Sampang Pty Ltd)

Operator: Medco Energi Sampang Pty Ltd

Gas production from the Sampang PSC continued to perform well although was lower than the previous quarter due to variations in demand.

Paus Biru gas commercialization and preliminary FEED and permitting activities are ongoing.

The joint venture has been notified by the Indonesian regulator that Paus Biru gas has been allocated to the market from 2023. This notification is a significant step in the commercialisation of Paus Biru and customer discussions will now take place.

FID is currently targeted for 2022, with first gas in 2023.

SAMPANG PSC LOCATION MAP - INDONESIA



MAHATO PSC

Cue Interest: 12.5% (Cue Mahato Pty Ltd)

Operator: Texcal Mahato EP Ltd

Oil production from the PB field was approximately 3400 barrels of oil per day (gross) at the end of June, increasing to 3600 bopd (405 bopd net to Cue) in early July.

Cue's share of revenue from March and April sales was approximately \$1 million. During these months, the production was approximately 1600 bopd and future revenues are expected to be higher in line with increased production and increasing oil price.

3 development wells PB-3, PB-4 and PB-5 were successfully completed and put into production during the quarter. There are now 5 production wells as planned in phase 1 of the Plan of Development.

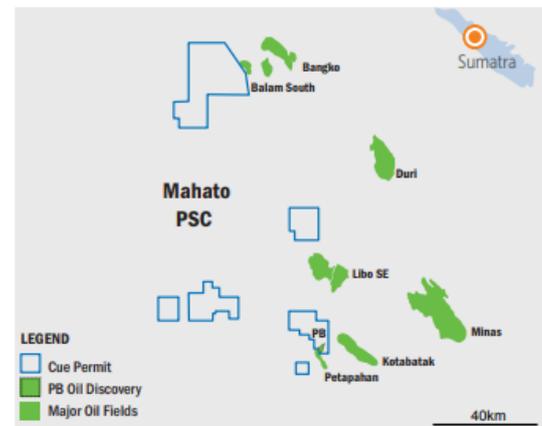
All 5 wells encountered oil in the main Bekasap A, B and C reservoirs as anticipated. The Bekasap B and C reservoirs are currently producing with PB-1 producing oil from the Bekasap B and PB-2, PB-3 and PB-5 producing from Bekasap C. PB-4 has commingled production from both Bekasap B and C reservoirs. The unperforated reservoirs in all wells are candidates for future production.

Results of the 5 wells drilled to date indicate further development potential in the field, which is currently under review. The Operator has indicated the potential for further development wells to be drilled during the second half of the 2021 calendar year.

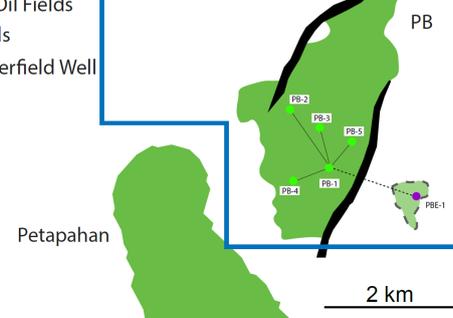
On the 17 July 2021, the PBE-1 interfield well commenced in the PB field. The well is targeting a structure to the east of the existing PB field which, if successful, could be a standalone discovery or part of a larger PB field. The well is expected to take up to 4 weeks to drill.

3 further development wells are being planned for the PB field in the coming months.

MAHATO PSC LOCATION MAP - INDONESIA



LEGEND



NEW ZEALAND

PMP 38160

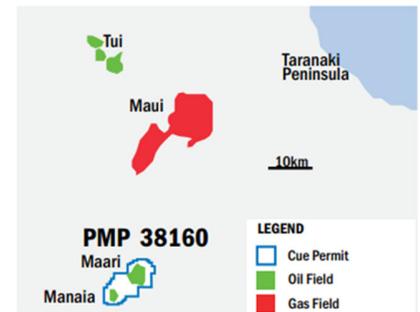
Cue Interest: 5% (Cue Taranaki Pty Ltd)

Operator: OMV New Zealand Limited

Oil production from Maari and Manaia fields averaged at approximately 5300 bopd during the quarter with all wells, other than MR6a, in production.

Repairs to the MR6a well were completed during May. For the remainder of the quarter, the well was flowing clean up fluids, with no increasing hydrocarbon production, as expected. In late June, low levels of sand were detected in the clean-up flows and the well was shut-in as a precautionary measure. The operator is considering options, which may include the installation of temporary de-sanding equipment.

TARANAKI PENINSULA LOCATION MAP - NEW ZEALAND



Jadestone Energy and OMV have amended the longstop date for Jadestone’s acquisition of 69% operated working interest in Maari until 31 August 2021.

EXPLORATION

AUSTRALIA

WA-359-P

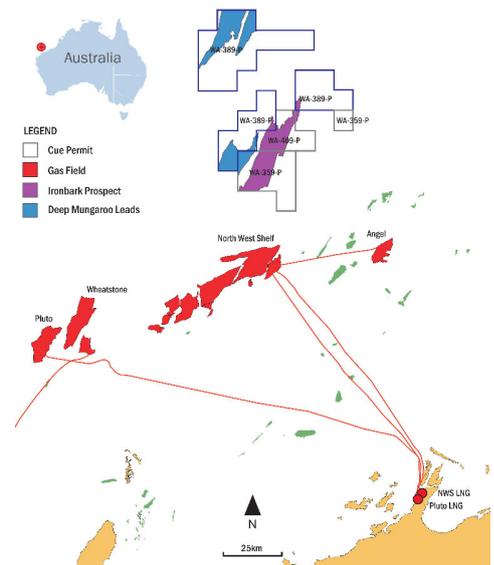
Cue Interest: 21.5% (Cue Exploration Pty Ltd)
Operator: BP Developments Australia Pty Ltd

The permit was not renewed by the Joint Venture on its expiry on 25 April 2021.

WA-409-P

Cue Interest: 20% (Cue Exploration Pty Ltd)
Operator: BP Developments Australia Pty Ltd

During the quarter the Operator completed a review of the prospectivity of the permit and recommended surrendering the permit. The joint venture is initiating the surrender process with all work commitments completed.



WA-389-P

Cue Interest: 100% (Cue Exploration Pty Ltd)
Operator: Cue Exploration Pty Ltd

NOPTA granted a 12 month suspension and extension until 8 April 2022 and Cue is continuing prospectivity assessment of the permit.

INDONESIA

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. These processes could take until the end of the calendar year.

CORPORATE

Cue held a general meeting on 28 July to seek shareholder approval to grant security to New Zealand Oil & Gas related to Deeds of Cross Security as part of the asset acquisition. Shareholders approved the granting of the security.

Due to the continuing COVID regulations in Indonesia, Jakarta based staff continue to work remotely. Melbourne office staff are working flexibly in line with Victorian government directives.

-Ends-

For and on behalf of the 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.

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

Various statements in this report constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein.

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 has a large number of exploration permits. 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.

DIRECTORS Alastair McGregor (Non Exec. Chairman) Andrew Jefferies (Non Exec. Director) Marco Argentieri (Non Exec. Director) Peter Hood (Non Exec. Director) Richard Malcolm (Non Exec. Director) Roderick Ritchie (Non Exec. Director) Samuel Kellner (Non Exec. Director)	REGISTERED OFFICE Level 3 10-16 Queen Street MELBOURNE VIC 3000 Phone: +613 8610 4000 Fax: +613 9614 2142 Email: mail@cuenrg.com.au Web: www.cuenrg.com.au	SECURITIES EXCHANGE LISTING ASX: CUE SHARE REGISTER Computershare Investor Services Pty Ltd Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) Email: web.queries@computershare.com.au Website: www.computershare.com.au
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