

Chairman's Overview

Alastair McGregor

Dear Shareholders,

At the time of last year's letter, the COVID-19 pandemic was causing an unprecedented impact on our lives. A year on, the world and our industry are still finding their footing with respect to living with the pandemic. While many parts of the world are emerging from long and challenging restrictions, Australia and New Zealand have recently seen the reintroduction of lockdowns. Although circumstances remain fluid, delays to oil and gas projects over the last 18 months and a potential near term return to pre-COVID commodity demand levels are creating a positive backdrop for the products that we produce.

In the midst of this unprecedented period of uncertainty, I am happy to report on two significant achievements during the year. First, production and revenue started from the Mahato PSC in Indonesia. Second, in May Cue signed an agreement with Central Petroleum to acquire producing onshore gas assets with significant development potential in the Amadeus Basin, Australia. These new sources of production will double Cue's revenue streams to four, meaningfully enhancing our diversification across products and geographies.

The PB field in the Mahato PSC is currently producing 3,600 barrels of oil per day, with further development wells currently being drilled. In FY21, Cue received \$2.4 million in revenue from the field following first oil at the start of the calendar year. As development continues, we are benefiting from increased production rates as new wells are brought online and the oil price remains strong.

We expect to complete the announced acquisition of interests in the Mereenie, Palm Valley and Dingo fields in the Amadeus Basin, onshore Australia, around the time that this report is published. We were attracted to these assets because they provide current production, supplying gas into a strong gas market in Eastern Australia. Each of the fields also provides near term upside potential from development and exploration. Activity on these fronts is already underway.

With development activity continuing on both new projects in FY22, we are looking forward to an active fiscal year ahead.

Over the FY21 year Cue's 2P reserves increased by 4.4 mmboe to 6 mmboe, an almost threefold increase. 4.1 mmboe is attributable to the Amadeus Basin assets and 0.4 mmboe to the Mahato PSC, where we continue to undertake analysis to update the reserves based on better than expected field performance. In addition, we have reported 5 mmboe of contingent resource that can be unlocked through the Paus Biru development at our Sampang asset and through the further planned work program at Mereenie, Palm Valley and Dingo fields.

Although the development of Paus Biru in the Sampang PSC has been delayed, the Indonesian regulator has identified the likely buyer of the gas and commercial discussions have commenced. The joint venture is targeting a final investment decision late in the current fiscal year, with first gas production expected twelve to eighteen months later.

This year, Cue has initiated reporting in line with the recommendations of the Task Force on Climate Related Financial disclosures (TCFD) and has published a new Climate Change Policy. These documents reflect our planning related to the business risks posed by climate change. Focus on these important issues will continue to be a priority moving forward.

Cue staff in both our Melbourne and Jakarta offices continue to do an outstanding job managing the challenges presented by COVID-19. I thank them for their efforts during this difficult time and hope that we are all on a path towards a brighter postpandemic future.

With multiple new production sources and a full plate of development activity, we have set the stage to meaningfully grow the scale of the company. We look forward to keeping you updated on the exciting year ahead.

Sincerely



Alastair McGregor
Non-Executive Chairman

21 September 2021

