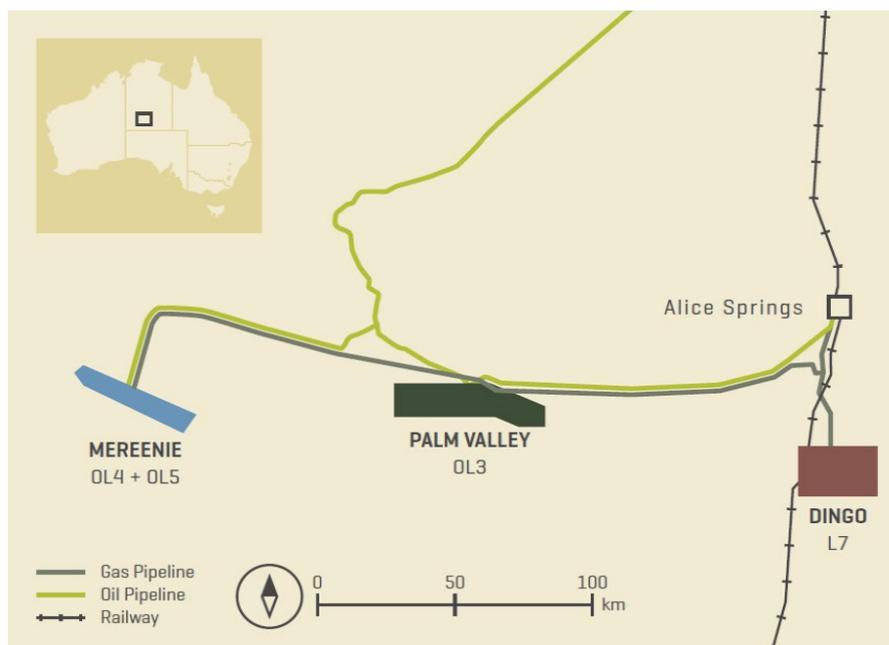


Acquisition of Australian Production Assets

- Cue to acquire interests in 3 producing onshore Australia assets from Central Petroleum
- 4.4mmboe of 2P reserves to be acquired, increasing Cue's 2P reserves by greater than 350%
- Acquisition cost of A\$8.7m upfront, adjusted for revenues and costs from 1 July 2020, and carried costs capped at \$12m, paid from current and future cash
- Existing production and contracts provides a fourth revenue stream for Cue

Cue Energy Resources Ltd (**Cue**) has executed a sale and purchase agreement (**the transaction**) to acquire interests in the Mereenie, Dingo and Palm Valley onshore gas and oil fields in the Northern Territory, Australia from Central Petroleum Limited (ASX:CPT) (**Central**).

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.



Through the transaction Cue will acquire 4.4mboe of 2P reserves, with further upside potential. A reserves and resources statement is included with this announcement.

Cue will pay Central \$8.7m cash on completion and fund \$12m of Central's exploration, appraisal, and development costs in the fields. The carried development is expected to include 4 well recompletions and up to 10 wells.

The transaction will be funded from Cue's existing cash and future cashflows. The effective date is 1 July 2020 and a working capital adjustment will be applied on completion, which includes Cue's share of revenues and costs from 1 July 2020.

Central will remain as operator of the fields and will manage gas and oil sales on behalf of Cue.

Cue's major shareholder, New Zealand Oil & Gas, is also a party to the transaction and will acquire interests in all three Central assets.

Conditions to completion of the transaction include Foreign Investment Review Board approval, approval of New Zealand Oil & Gas shareholders to enter into the transaction, and other customary conditions for a transaction of this nature.

Cue CEO Matthew Boyall says that the acquisition is in line with Cue's strategy of investment in onshore assets and will add value to Cue through immediate production and future development.

"This is a great opportunity for Cue to add producing assets onshore Australia to our portfolio. Acquisition of the interests in the Mereenie, Palm Valley and Dingo fields will provide a fourth revenue stream for Cue, with existing sales under long term contracts into the strong Eastern Australia gas markets."

"All three fields are operated by a good operator in Central Petroleum and have existing production and near-term development plans which provide multiple pathways to growth.

"Cue will acquire 4.4mboe of 2P reserves, which will increase the company's 2P reserves by more than 350%. The value of this investment to Cue is further enhanced by the opportunity to utilise accrued tax losses against profits from production."

As is customary in oil and gas joint ventures, each interest holder will provide and receive cross security from each other interest holder in the Mereenie, Dingo and Palm Valley projects. In order for Cue to provide such security to New Zealand Oil & Gas, Cue will require shareholder approval pursuant to ASX Listing Rule 10.1 and will proceed to convene a shareholders meeting to obtain such approval. Completion of the transaction is not conditional upon obtaining such shareholder approval.

Authorised by the 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.

About Cue Energy

Cue Energy Resources Limited is an Australian Stock Exchange (ASX:CUE) listed oil and gas exploration and production company. Cue's FY20 revenue was A\$24million from oil production in the Maari field, offshore New Zealand and gas production in the Sampang PSC, offshore Indonesia. Cue has operated and non-operated interests in exploration permits in the Carnarvon Basin, offshore Western Australia and onshore Indonesia.

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 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.

RESOURCES AND RESERVES STATEMENT

Reserves and resources reported in this statement are consistent with reserves and resources disclosed by Central Petroleum in its most recent annual report.

Equity statements in the following tables is Cue's net share.

Asset, Prospect and Permit Type Table (summary table)

Entity	Net Equity	Permit # & Type	Production Level	Net 2P Total Reserves mmboe	Contingent Resources Level	Net 2C Resources mmboe	Prospective Resources Level	Net 2U Unrisked Prospective mmboe
Mereenie	7.5%	OL4 & OL5 Production Licences	Pacoota	2.8	Pacoota & Stairway	2.3	-	-
Palm Valley	15%	OL3 Production Licence	Pacoota	0.7	Pacoota	0.3	Arumbera	1.8
Dingo	15%	L7 Production Licence	Arumbera	0.9	-	0.0	Pinoeer + Areyonga	1.2
Arithmetic Sum				4.4		2.6		3.0

Summary Reserves Tables

Net 1P Developed, Undeveloped and Total

		1P Developed			1P Undeveloped			1P Total		
		Gas	Oil	Equivalent	Gas	Oil	Equivalent	Gas	Oil	Equivalent
Field	Equity	PJ	mmstb	mmboe	PJ	mmstb	mmboe	PJ	mmstb	mmboe
Mereenie	7.5%	7.4	0.1	1.3	4.9	0.0	0.8	12.3	0.1	2.1
Palm Valley	15%	3.9	0.0	0.6	0.0	0.0	0.0	3.9	0.0	0.6
Dingo	15%	2.2	0.0	0.4	2.2	0.0	0.4	4.4	0.0	0.7
Total		13.4	0.1	2.3	7.1	0.0	1.2	20.5	0.1	3.5

Net 2P Developed, Undeveloped and Total

		2P Developed			2P Undeveloped			2P Total		
		Gas	Oil	Equivalent	Gas	Oil	Equivalent	Gas	Oil	Equivalent
Field	Equity	PJ	mmstb	mmboe	PJ	mmstb	mmboe	PJ	mmstb	mmboe
Mereenie	7.5%	11.4	0.1	2.0	4.6	0.0	0.8	16.0	0.1	2.8
Palm Valley	15%	4.3	0.0	0.7	0.0	0.0	0.0	4.3	0.0	0.7
Dingo	15%	3.0	0.0	0.5	2.4	0.0	0.4	5.4	0.0	0.9
Total		18.7	0.1	3.2	7.0	0.0	1.2	25.8	0.1	4.4

Net 3P Developed, Undeveloped and Total

		3P Developed			3P Undeveloped			3P Total		
		Gas	Oil	Equivalent	Gas	Oil	Equivalent	Gas	Oil	Equivalent
Field	Equity	PJ	mmstb	mmboe	PJ	mmstb	mmboe	PJ	mmstb	mmboe
Mereenie	7.5%	12.1	0.2	2.1	8.4	0.0	1.4	20.5	0.2	3.5
Palm Valley	15%	5.2	0.0	0.8	0.0	0.0	0.0	5.2	0.0	0.8
Dingo	15%	4.0	0.0	0.6	2.9	0.0	0.5	6.9	0.0	1.1
Total		21.3	0.2	3.6	11.3	0.0	1.9	32.6	0.2	5.5

Summary Contingent Resources Table

Net 2C

		2C Contingent		
		Gas	Oil	Equivalent
Field	Equity	PJ	mmstb	mmboe
Mereenie	7.5%	13.7	0.0	2.3
Palm Valley	15%	2.1	0.0	0.3
Dingo	15%	0.0	0.0	0.0
Total		15.7	0.0	2.6

Summary Unrisked Prospective Resources Table

Net Unrisked Prospective Resources – Best Estimate

Net		Prospective		2U Prospective Unrisked			
Project	Level	Geological Chance of Success	Chance of Development Success	Equity	Gas	Oil	Equivalent
					PJ	mmstb	mmboe
Palm Valley Deep	Arumbera	24%	90%	15%	11.3	0.0	1.8
Dingo Deep	Areyonga	19%	90%	15%	4.8	0.0	0.8
Dingo Deep	Pioneer	19%	90%	15%	2.6	0.0	0.4
Total					18.6	0.0	3.0

The subsequent sections detail the field and reserves/ resources information for compliance with ASX listing rules pertaining to the first announcement of material oil and gas projects.

Mereenie

Mereenie, Re-completes and infill wells [developed and undeveloped reserves]

Mereenie developed and undeveloped reserves are established using a deterministic simulation model representing both the current production wells, as well as the wells to be re-completed and drilled.

The undeveloped quantities associated with the four re-completes and first two infill wells have been approved by the current joint venture and are in-line for imminent execution with volumes sold under existing agreements, or future contracts materially consistent with existing terms.

The further three infill wells are subject to further joint venture and regulatory approvals but are anticipated to be drilled within the next three to five years.

Mereenie Stairway [contingent resources, development on hold]

The Stairway formation is shallower than the main production interval in the Pacoota sandstone at Mereenie. It has been penetrated multiple times as a result, with two wells achieving commercial rates of gas to surface. Further work is ongoing to identify the optimal economic development plan.

The resources released here are mid case (2C) resources and placed in the Development On Hold sub-category. Further studies, joint venture approvals and appraisal drilling/ flow testing will be required to advance to reserves.

Palm Valley

Palm Valley Production, Appraisal and Development Drilling [developed and undeveloped reserves, contingent resources]

Palm Valley developed reserves in the Pacoota sandstone are established using analytical methods calibrated to the current production wells.

The subsequent three appraisal and success development wells (PV-12, -14 and -15) have been analytically assessed and forecasts are based on decline curves. These wells form a critical part of the farm-in process, the initial approvals for which are deemed approved via the sale and purchase agreement, with some future approvals required (including regulatory), all within a reasonable timeframe with volumes sold under agreements

materially consistent with current contracts. The timing of the PV-12 is intimately related to the drilling and results of the Palm Valley Deep exploration well, expected to occur within FY22.

Palm Valley Deep Exploration [Prospective Resources]

Volumes potentially in place and recoverable at the Arumbera level in Palm Valley have been estimated using probabilistic methods incorporating available seismic and offset geological data. The unrisks resources have then been assessed economically on decline curve forecasts.

An exploration well and evaluation thereof is required to advance this prospect, the drilling of which forms part of the acquisition and is expected to occur in FY22.

Dingo

Dingo Production and Development Drilling [developed and undeveloped reserves]

Dingo developed reserves in the Arumbera sandstone are established using analytical methods and forecasts generated using decline curves.

Subsequent development at Dingo has been analytically assessed and forecasts are based on decline curves. This forms a part of the farm-in process, the initial approvals for which are conducted concurrently, with future approval required for the completion and tie-in. Volumes are to be sold under existing agreements. The timing of the Dingo-5 completion is intimately related to the drilling and results of the Dingo Deep exploration well, expected to occur shortly after.

Dingo Deep Exploration [Prospective Resources]

Volumes potentially in place and recoverable at the Pioneer and Areyonga levels at Dingo have been estimated using probabilistic methods incorporating available seismic and offset geological data. The unrisks resources have then been assessed economically on decline curve forecasts.

An exploration well and evaluation is required to advance this prospect, the drilling of which forms part of the acquisition and is expected to occur in FY22.

Reserves Compliance Statements

Oil and gas reserves, and contingent and prospective resources, are reported as at 30 June 2020 and follow the SPE PRMS Guidelines (2018). The volumes presented are net to Cue Energy i.e., 7.5% in Mereenie, 15% in Palm Valley and 15% in Dingo and their associated exploration prospects. All fields and prospects are non-operated, with the operator being Central Petroleum Limited.

Mereenie, Palm Valley and Dingo reserves are based on historical field production data and various well intervention and drilling campaigns. This data has been combined with available seismic data, analytical and numerical analysis methods and sets of deterministic reservoir simulation and network models. In place volumes have been developed using probabilistic methods, with deterministic workflows used for recoverable volumes. The reserves and resource volumes stated have not been adjusted for risk.

For the conversion to equivalent units, standard industry factors have been used of 6Bcf to 1mboe, 1Bcf to 1.05PJ, 1 tonne of LPG to 8.15 boe and 1TJ of gas to 163.4 boe.

1P or Proven Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. Typically considered as 90% or more likely.

Probable 2P reserves are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. Typically considered as 50% likely.

Known accumulations are reserves or contingent resources that have been discovered by drilling a well and testing, sampling or logging a significant quantity of recoverable hydrocarbons.

Developed reserves are expected to be recoverable from existing wells and facilities. Undeveloped reserves will be recovered through future investments (e.g. through installation of compression, new wells into different but known reservoirs, or infill wells that will increase recovery). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty.

Contingent Resources (2C) are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

The estimated quantities of petroleum that may potentially be recovered 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. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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 the Mereenie and Palm Valley Gas Plants which includes compression and dehydration.

Tables combining reserves have been calculated arithmetically and some differences may be present due to rounding.

This resources statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Assets & Engineering Manager Daniel Leeman. Daniel is a Chartered Engineer with Engineering New Zealand and holds Master's degrees in Petroleum and Mechanical Engineering as well as a Diploma in Business Management and has over 10 years of experience. Daniel is also an active professional member of the Society of Petroleum Engineers and the Royal Society of New Zealand. New Zealand Oil & Gas reviews reserves holdings twice a year by reviewing data supplied from the field operator and comparing assessments with this and other information supplied at scheduled meetings.