

15 January 2021

MAHATO PSC UPDATE - OIL PRODUCTION

New Zealand Oil & Gas subsidiary, Cue Energy Resources (ASX:CUE), has provided an update that commercial production of oil has commenced from the PB field in the Mahato PSC in Indonesia and the dispute between Cue and the Joint Venture partners has been settled. The update release is attached.

Cue has a 12.5% interest in the Mahato PSC. New Zealand Oil & Gas has a 50.04% interest in Cue.

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Oil Production from Mahato PSC

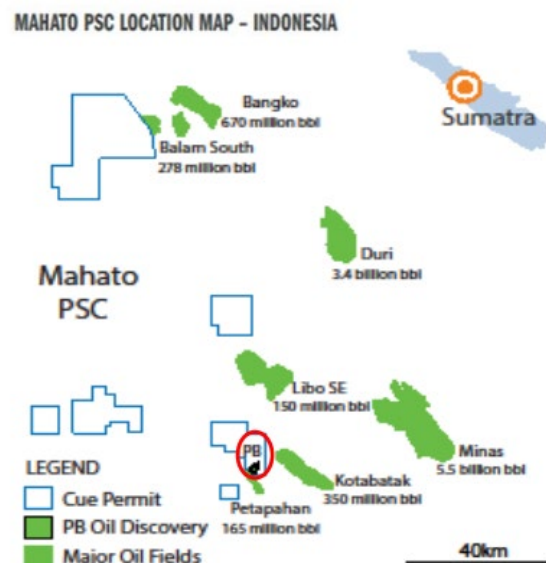
Commercial production of oil has commenced from the PB field in the Mahato PSC in Indonesia and the dispute between Cue and the Joint Venture partners has been settled. Cue Mahato Pty Ltd (**Cue**), a 100% owned subsidiary of Cue Energy Resources Limited, holds a 12.5% participating interest in the Mahato PSC.

The PB-1 well is producing at approximately 600 barrels of oil per day. The oil is processed and exported through existing third party facilities. A workover of exploration well PB-2 to bring it into production and the drilling of three further development wells is expected to commence during the current quarter.

The PB-1 and PB-2 wells were drilled as exploration wells in late 2019 and early 2020.

Cue and the Mahato PSC joint venture partners have agreed on a settlement to the dispute relating to the PB-1 and PB-2 wells. As part of the settlement, the Operator will issue Cue with a cash call for approximately US\$300,000 for the PB-2 exploration well. Additionally, Cue will pay US\$380,000 to the joint venture partners, of which US\$111,000 will be paid from Cue's cash reserves, with the remainder to be paid from Cue's share of the PSC performance bond, which is currently being held by the Operator. All payments are expected to be settled by the end of January 2021.

Cue has previously paid for its participating interest in the field infrastructure, the PB-2 well workover and three upcoming development wells.



Cue Energy CEO Matthew Boyall said:

“Cue is excited to see oil production from the PB field after exploration success in late 2019. This is a rapid progression from exploration to production. The PB field will be a third revenue stream for Cue and will further strengthen our business.

The differences between the joint venture partners and Cue have now been resolved and we look forward to a fruitful partnership as production from the PB field increases and further exploration is undertaken in the Mahato PSC.”

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.