



ASX ANNOUNCEMENT

23 June 2022

Related Party Loan Agreement

Cue Energy Resources Limited (**Cue**) has entered into a \$7 million, two-year unsecured loan agreement with New Zealand Oil & Gas Limited (**NZOG**). This agreement was executed in order 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.

Cue has exploration and development plans at its Amadeus Basin, Mahato PSC and Sampang PSC production assets underway, and over the next 12 to 24 months, to increase oil and gas production. While revenue is expected to remain strong at all assets throughout this period, significant forecast expenditure, risks of cost overruns and the expected timing of expenditure has led Cue to seek short term financing.

The key exploration and development projects which Cue is expecting to be funding in the near term are:

Amadeus Basin

The PV-12 exploration well is currently being drilled. As previously announced on 11 May 2022, Central Petroleum (**CTP**), the operator of Cue's Amadeus Basin assets, forecast \$3.1 million in additional costs for the PV-12 and Dingo-5 wells to 30 April 2022. Since then, drilling of PV-12 has been slower than expected which could result in further cost increases. As part of the sale and purchase agreement with CTP, Cue is obligated to pay CTP's share of certain exploration and development costs up to a \$12 million cap.

Cue's commitment, including the CTP carry, for the remaining expected cost for this drilling program is currently estimated as \$12.2 million.

In the Mereenie field, the joint venture is considering 6 well workovers and 2 infill wells during FY2023.

Mahato PSC

Fourteen more wells are planned to be drilled in the PB oilfield over the next 12-14 months, with extra processing facilities also being constructed. Twelve of these are oil production wells which are expected to deliver revenue, however the timing of costs and revenue is a consideration of this financing. Cue's estimated expenditure commitment for this phase of development is approximately \$13 million.

Sampang PSC

The Paus Biru Final Investment Decision (FID) is expected to be made by the Joint Venture in the coming months, with development expenditure, if and when approved, expected to be incurred over the following 24 months before first gas production. Cue's estimated share of Paus Biru development funding is approximately \$15 million.

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 Deep Exploration Well ⁽¹⁾	■											
	Dingo Deep Exploration Well			■									
	Mereenie Well Recompletions ⁽²⁾			■									
	Mereenie Development Wells ⁽²⁾							■					
Mahato PSC	Development drilling 14 wells	■											
Sampang PSC	Paus Biru FID ⁽²⁾		■										

⁽¹⁾ including P1 lateral option if required

⁽²⁾ potential timing, subject to JV approval

Business development

Surety of available funding will also provide flexibility to Cue for any business development activities opportunities which may arise throughout the term of the loan and beyond.

Key financing considerations

When assessing funding alternatives for the anticipated increase in exploration and development initiatives, Cue sought expressions of interest for potential funding from Australian commercial banks. The conclusion reached from these discussions was that these traditional sources of funding were not available to Cue in the current circumstances due primarily to the relatively small size of the funding required and the short-term nature of Cue's needs.

Loan terms

The purpose of the loan is to provide funds for the continued development of Cue's assets and working capital. The loan is unsecured, with an interest rate of 10% p.a. fixed for the term of the loan and an establishment fee of 1.5% of the loan amount. The term of the loan is two years and early repayments are allowed with no penalty.

The key terms of the Loan Agreement are summarised in the annexure to this announcement.

NZOG is a related party of Cue, holding 50.04% of shares. As such, an independent board committee comprising of Cue Independent Directors reviewed and approved the terms of the loan.

Cue CEO Matthew Boyall commented on the loan and upcoming activities:

"Cue has a number of exciting exploration and development projects within our portfolio, which are all aimed at increasing our oil and gas production.

While continued strong revenue is expected from our existing production assets, we are currently drilling in the Amadeus basin, have started a 14 well program in the Mahato PSC and expect a Final Investment Decision on the Paus Biru gas development in the Sampang PSC, which all have significant near-term expenditure requirements.

The current inflationary environment has the potential to impact planned costs. This loan will ensure Cue retains the financial strength to participate in not only our committed projects but any other proposals which arise to increase production at our assets. The terms of the loan are structured to provide flexibility for the loan amount to be reduced as outcomes of individual projects becomes clearer."

Authorised by the CEO, Matthew Boyall

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 Securities Exchange (ASX:CUE) listed oil and gas production and exploration company. Cue's FY21 revenue was A\$22.4million from gas production offshore Indonesia and oil production offshore New Zealand and onshore Indonesia. In October 2021, Cue completed a transaction to acquire interests in the Mereenie gas and oil field, and the Palm Valley and Dingo gas fields, from Central Petroleum Limited.

General Legal Disclaimer

Various statements in this document may constitute statements relating to intentions, opinion, expectations, present and future operations, possible future events and future financial prospects. Such statements are not statements of fact, and are generally classified as forward looking statements that involve unknown risks, expectations, uncertainties, variables, changes and other important factors that could cause those future matters to differ from the way or manner in which they are expressly or impliedly portrayed in this document. Some of the more important of these risks, expectations, uncertainties, variables, changes and other factors are pricing and production levels from the properties in which the Company has interests, or will acquire 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.

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Reference to "CUE" or "the Company" may be references to Cue Energy Resources Limited or its applicable subsidiaries.

ANNEXURE

Loan Agreement Summary of Key Terms

Loan	\$7,000,000
Borrower	Cue Energy Resources Limited (ACN 066 383 971)
Lender	NZOG Taranaki Limited (NZBN 9429033675411)
Guarantors	Cue Mereenie Pty Ltd (ACN 650 385 336) Cue Palm Valley Pty Ltd (ACN 650 385 541) Cue Dingo Pty Ltd (ACN 650 386 020)

Key Terms and Conditions

Repayment Date	The repayment date is 2 years from the date of the agreement, or any later date set out in any Extension Request of up to an additional 2 years that is agreed to by the Lender at its discretion.
Interest Rate	10% per annum fixed
Purpose	For the Borrower to fund working capital and the continued development of the Borrower's assets.
Security	The facility is unsecured.
Establishment Fee	1.5% of the Loan
Principal Repayment Terms	The Borrower must repay the outstanding amount on Repayment Date.
Prepayment	Voluntary prepayments may be made in a minimum amount of \$875,000
Guarantee	The Guarantors jointly and severally and unconditionally and irrevocably guarantee to the Lender the payment of the Principal Outstanding.
Conditions Precedent	Any fees and expenses that are required to be paid by the Borrower to the Lender have been paid (or will be paid with the advance). Confirmation from the Borrower that the conditions that compose an Event of Default, had an advance been made, do not exist. Any other certificates, authorisations, documents, information, matters or things which the Lender reasonably requires.

<p>Negative pledge and disposal of assets</p>	<p>Cue must not, and must ensure that each of its subsidiaries does not:</p> <ul style="list-style-type: none"> a) sell, assign, transfer or otherwise dispose of or part with possession (Dispose); b) create or allow to exist, any interest or Encumbrance, other than an Encumbrance in favour of NZOG, over (Encumber); or c) attempt to Dispose or Encumber, <p>any of its assets without the prior written consent of the NZOG.</p> <p>The above is subject to Cue Disposing or Encumbering the assets of its subsidiaries when:</p> <ul style="list-style-type: none"> a) in the ordinary course of its business; or b) provided that the value of each asset Disposed of or Encumbered does not exceed \$100,000 and the aggregate value of all assets Disposed of or Encumbered does not exceed \$500,000 without the prior written consent of the NZOG.
<p>Representations and Warranties</p>	<p>The agreement includes representations and warranties given by the Borrower in favour of the Lender which are customary for agreements of this nature.</p>
<p>Event of Default</p>	<p>The agreement includes Events of Default which are customary for agreements of this nature, such as insolvency, a change in the financial position of the Borrower or the Guarantors which has a Material Adverse Effect, failure to pay an amount owing, failure to perform an obligation under the agreement where the failure cannot be remedied, an application being made to wind up the Borrower and insolvency of the Borrower.</p>
<p>Costs</p>	<p>The Borrower to pay Lender's reasonable legal and other costs, fees and expenses in connection with the preparation, execution and completion of the facility documents.</p>