

26 October 2018

NEW ZEALAND OIL & GAS FARMS INTO IRONBARK

New Zealand Oil & Gas has reached a conditional agreement to farm into the WA-359-P permit held by its ASX-listed subsidiary Cue Energy Resources, offshore West Australia.

BP Developments Australia Pty Ltd and Beach Energy Limited, which each hold conditional agreements to enter into the permit, have signed a coordination agreement with Cue and New Zealand Oil & Gas.

The coordination agreement sets out the parties' intentions to manage assignments of interests and for the nominated operator, BP, to commence work on the committed well in the permit. It is conditional on regulatory approvals, including approval of a suspension & extension application to extend the date by which the commitment well at Ironbark must be drilled.

WA-359-P contains the giant Ironbark prospect in the Mungaroo Formation. It has a best estimate of 15 trillion cubic feet of prospective recoverable gas resource [based on an internal assessment by Cue.*]

New Zealand Oil & Gas has agreed to take 15 per cent of the equity in WA-359-P by paying 17.85% towards the cost of the Ironbark well, comprising a 15% participating interest and a 2.85% carry. It will pay an initial consideration of AUD\$642,600.

Cue currently holds 100 per cent of WA-359-P and has executed agreements with BP to acquire 42.5 per cent, and Beach to acquire 21 per cent. The terms of the New Zealand Oil & Gas farm in are the same, pro rata, as the Beach Energy farm in, which are summarised here:

http://www.cuenrg.com.au/irm/PDF/2356_0/WA359PFarmoutandWA409POptionAgreementswithBPT

The farmout agreement is conditional on regulatory approvals, and approval by Cue shareholders. All conditions must be satisfied by 30 June 2019. Under the coordination agreement, the parties intend to begin work on the commitment well and the parties will contribute to the cost on normal joint venture terms.

New Zealand Oil & Gas will also take an option for 5.36% equity in the adjoining WA-409-P permit [on the same terms, pro rated, as those agreed between Cue and Beach. Beach has an option at 7.5%.] BP has an 80 per cent interest in W-409-P and is the operator. Cue currently has 20 per cent. The option in WA-409-P may be exercised until July 2019.

If the acquisitions of interests in WA-359-P go ahead as the parties anticipate the participating interests will be:

BP Developments Australia Pty Ltd 42.5%

Beach Energy 21%

Cue Energy 21.5%

New Zealand Oil & Gas 15 %

BP will become the operator. Cue will have a partly-carried 21% interest.

In WA-409-P, if all parties exercise their options, the participating interests will be:

BP Developments Australia Pty Ltd 80% [Operator]

Beach Energy 7.5%

Cue Energy 7.14%

New Zealand Oil & Gas 5.36%.

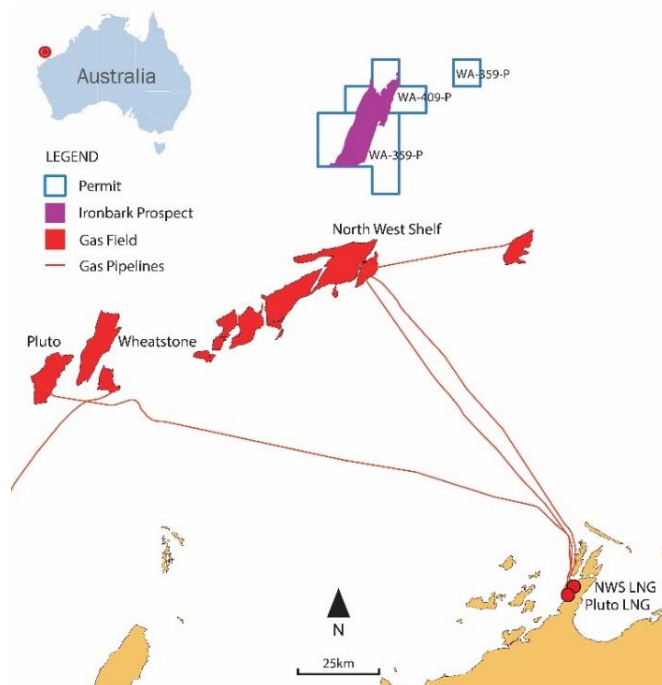
New Zealand Oil & Gas has a 50.04% interest in Cue.

Chief executive Andrew Jefferies says the Ironbark prospect is too interesting to ignore.

"Ironbark is a genuinely world-scale prospect in a highly prospective address, with high quality partners to join in a near-term well. We have independently performed our own assessment of Ironbark and intend to participate on terms we see as fair to both New Zealand Oil & Gas and Cue," Mr Jefferies says.

- **Prospective Resource Estimates Cautionary Statement**

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



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