



Cue Energy Resources Limited

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TO : Company Announcements Office
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DATE : 16 May 2006

PAGES (including this page):10

FROM : Andrew Knox

RE : **Appendix 3B**

Attached please find Cue Energy Resources Limited's release with respect to the above mentioned.

Yours faithfully

A handwritten signature in black ink that reads "Andrew Knox". The signature is written in a cursive, flowing style.

Andrew M Knox
Public Officer

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Cue Energy Resources Limited

ABN

45 066 383 971

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary Fully Paid Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 104,706,501 New Ordinary fully Paid Shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 104,706,501 Ordinary Fully Paid Shares AUD 22 cents |

+ See chapter 19 for defined terms.

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New issue announcement

| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes (Ordinary Shares)</p> | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|-------------|----------------------------|
| <p>5 Issue price or consideration</p> | <p>Ordinary Shares AUD22 cents</p> | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>To assist the Company in further appraisal of the Jeruk oil discovery, exploration drilling, the gas development phase of the Oyong field and ongoing development costs of the Maari oil field.</p> | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>4 July 2006</p> | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="722 1367 997 1392">Number</th> <th data-bbox="1002 1367 1261 1392">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="722 1398 997 1423">628,239,007</td> <td data-bbox="1002 1398 1261 1455">Ordinary Fully Paid Shares</td> </tr> </tbody> </table> | Number | +Class | 628,239,007 | Ordinary Fully Paid Shares |
| Number | +Class | | | | |
| 628,239,007 | Ordinary Fully Paid Shares | | | | |

+ See chapter 19 for defined terms.

| | | | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------------------|-------------------------|
| 9 | Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable) | Number | ⁺ Class | |
| | | 1,000,000 | Exercise Price (cents A\$) 35 cents | Expiry Date 02/05/07 |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | | | |

Part 2 - Bonus issue or pro rata issue

| | | |
|----|----------------------------------------------------------------------------------------------------|----------------------------------------------|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | Renounceable |
| 13 | Ratio in which the ⁺ securities will be offered | One new share for every five existing shares |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | Ordinary shares |
| 15 | ⁺ Record date to determine entitlements | 26 May 2006 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Yes |
| 17 | Policy for deciding entitlements in relation to fractions | Rounded down |

⁺ See chapter 19 for defined terms.

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New issue announcement

18 Names of countries in which the entity has +security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

United States of America,
United Kingdom,
Hong Kong,
Malaysia,
Canada,
Indonesia,
Switzerland,
Oman,
Phillipines,
Denmark,
Fiji,
Thailand,
Taiwan Province of China,
United Arab Emirates,
Brunei Darussalam,
Channel Islands,
British Isles,
Spain

19 Closing date for receipt of acceptances or renunciations

26 June 2006

+ See chapter 19 for defined terms.

| | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 20 | Names of any underwriters | Todd Petroleum Mining Company Ltd (100%) |
| 21 | Amount of any underwriting fee or commission | 5% |
| 22 | Names of any brokers to the issue | None |
| 23 | Fee or commission payable to the broker to the issue | None |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | None |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 29 May 2006 (estimate) |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | 22 May 2006 |
| 29 | Date rights trading will end (if applicable) | 19 June 2006 |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | On market |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | On market |

+ See chapter 19 for defined terms.

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- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end of
restriction period

(if issued upon conversion of
another security, clearly identify that
other security)

| | Number | +Class |
|----|----------------------------------------------------------------------------------------------------------|--------|
| 42 | Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38) | |

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 16 May 2006
(Public Officer)

Print name: AM Knox
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+ See chapter 19 for defined terms.