



Cue Energy Resources Limited

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DATE : 26 March 2012

PAGES (including this page): 3

FROM : Andrew Knox

RE : **Naga Utara-1 Well, Mahakam Hilir PSC, Indonesia**

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

Yours faithfully

A handwritten signature in black ink, appearing to read "Andrew Knox".

Andrew M Knox
Public Officer



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RELEASE

(ASX: CUE; NZX: CUE; POMSOX: CUE; ADR/OTC: CUEYY)

Naga Utara-1 Well, Mahakam Hilir PSC, Indonesia

Cue Energy Resources Ltd is pleased to provide the following update on the drilling status of Naga Utara-1 as advised by the well operator is SPC Mahakam Hilir PTE Ltd (SPC). The well is located within the Mahakam Hilir PSC in the Kutei Basin, Indonesia.

The well reached a total depth of 5066 ft MD. The 6 inch hole section was evaluated using wire-line tools and an open-hole DST (drill-stem test). A cased-hole DST was then conducted on a zone of interest in the 8-½ inch hole section.

An MDT log recovered a gas sample from the 6 inch open hole. The open-hole DST was not effectively completed as formation collapse appears to have inhibited flow from the open-hole section. Gas and a small quantity of oil was produced to surface from the well initially but over a period of around an hour the flow-rate reduced to a rate which was below the rate which could be measured. A stable flowing pressure and rate could not be achieved. It is believed that the testing result would have been more conclusive in a larger diameter, cased-hole.

A cased-hole DST was performed after perforating the 8-½ inch section. After swabbing, small amounts of gas together with probable formation water were produced. Both gas and water rates were not accurately recorded. The interval was plugged as this formation is considered a tight gas or gas/water zone which is unlikely to yield commercial production.

The well will now be plugged and suspended pending possible further evaluation. The rig will move to the Naga Seletan location over the next few days.

The participants and their respective interests in the PSC are:

SPC Mahakam Hilir Pte Ltd (<i>Operator</i>)	60%
Cue Mahakam Hilir Pty Ltd	40%

This is the final report Cue will release regarding well operations on Naga Utara-1. Reports on progress of Naga Seletan will be issued on a weekly basis.

Any queries regarding the announcement should be directed to the Company on (03) 9670 8668 or email mail@cuenrg.com.au

Mark Paton
Chief Executive Officer

26th March 2012

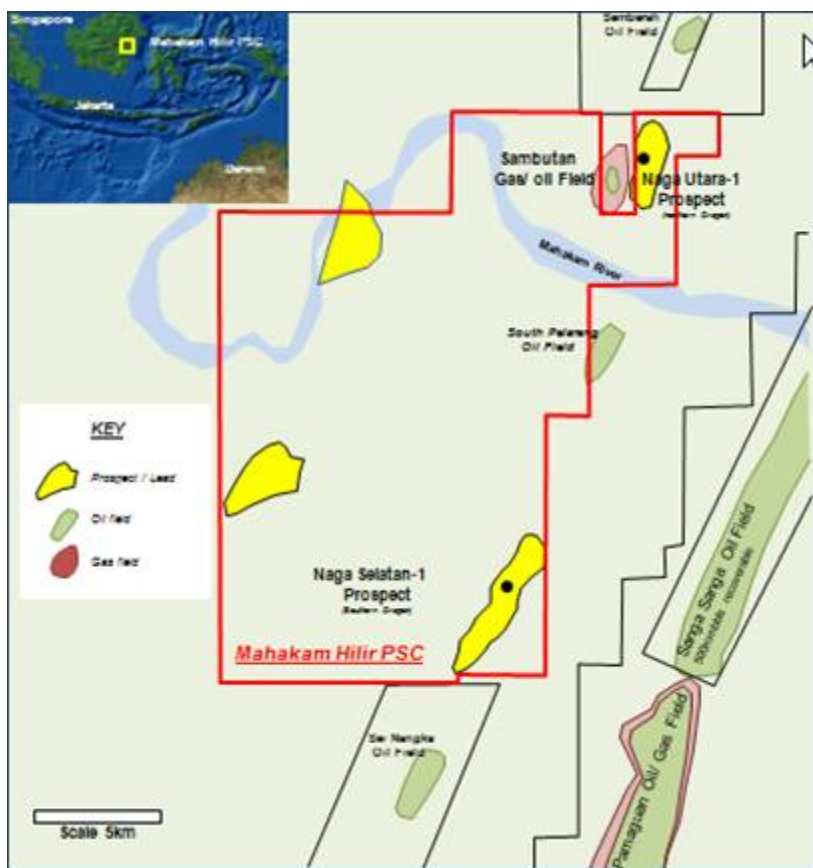


Figure 1 - Location of Mahakam Hilir PSC, Indonesia