



A.B.N. 45 066 383 971

RELEASE

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

Naga Utara-2 Progress Report #1

Cue Energy Resources Ltd (Cue) advises that at 06:00 local time the Naga Utara-2 well is at a depth of 286 ft MDKB (87m) and is preparing to drill ahead in 16" hole.

Since the well spud on 5th October, a 12¼ pilot hole has been drilled to a depth of 286 ft (87m) MDKB and the hole diameter opened to 32" prior to running and cementing the 24" casing and installing the diverter.

The well site is located in the onshore portion of the Kutei Basin on the island of Kalimantan (Borneo), approximately 10 km NE of the town of Samarinda. Naga Utara-2 is operated by SPC Mahakam Hilir Pte Ltd, a subsidiary of Singapore Petroleum Company Ltd.

The well is the third to be drilled by the Mahakam Hilir Joint Venture and will appraise the gas shows seen in Miocene-age sandstones at Naga Utara-1 which were not fully evaluated in the previous well due to mechanical problems. The well will then be deepened to evaluate additional reservoir objectives. The well is being drilled from the same pad as Naga Utara-1 to a target location approximately 475m north of the earlier well. Naga Utara-2 has a proposed TD of 2,068mMD (1,981mTVD) and drilling is expected to take approximately 62 days.

Cue will provide weekly progress reports during the drilling of Naga Utara-2. Participating interests in the Mahakam Hilir PSC are as follows:

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

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

A handwritten signature in black ink, appearing to read "David Biggs".

David A.J. Biggs
Chief Executive Officer

11 October 2013