



Cue Energy Resources Limited

A.B.N. 45 066 383 971

23 May 2012

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Company Announcements Office
10th Floor
20 Bond Street
Sydney NSW 2000

Naga Selatan Well-1, Mahakam Hilir PSC, Indonesia

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

Yours faithfully

Andrew M Knox

Public Officer

CUE ENERGY OVERVIEW

Cue is an Australian based oil & gas company with projects in Australia, New Zealand, Indonesia and PNG.

THE COMPANY HAS:

- Long life production
- A strong balance sheet
- An active exploration program

DRILLING PROGRAM

- Naga Utara exp well Q1 12
- Naga Selatan exp well Q2 12
- WA-389-P exp well Q2 12
- Maari appraisal well Q4 12

CUE ENERGY DIRECTORS

- Richard Tweedie (Chairman)
- Timothy Dibb
- Geoffrey King
- Steve Koroknay
- Paul Moore
- Leon Musca
- Andrew Young

CUE ENERGY MANAGEMENT

- Mark Paton (CEO)
- Andrew Knox (CFO)
- Terry White (Exp Man)
- Alex Parks (CCO)

OFFICE

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LISTINGS

ASX:	CUE
NZX:	CUE
POMSOX:	CUE
ADR/OTCQX:	CUEYY



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RELEASE

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

Naga Selatan-1 Well, Mahakam Hilir PSC, Indonesia

Cue Energy Resources Ltd is pleased to provide the following update regarding the drilling of the Naga Selatan-1 well. The well is located within the Mahakam Hilir PSC in the Kutei Basin, Indonesia. The well operator is SPC Mahakam Hilir Pte. Ltd.

The Naga Selatan (Southern Dragon) prospect is situated approximately 7.5km to the west of the producing Sanga-Sanga oilfield.

As of the 22nd May 2012, the 9 5/8 inch casing has been set at a depth of 5,000 feet MD (measured depth). The well is currently drilling ahead having reached a depth of 5,475ft MD. The plan is to drill ahead in 8 1/2 inch hole to the well TD (Total Depth) of 6,500 feet and evaluate with wire-line logging.

The participants and their respective interests in the PSC are:

SPC Mahakam Hilir Pte Ltd (Operator) 60%

Cue Mahakam Hilir Pty Ltd 40%

Any queries regarding the announcement should be directed to the Company on (03) 96708668 or email mail@cuenrg.com.au

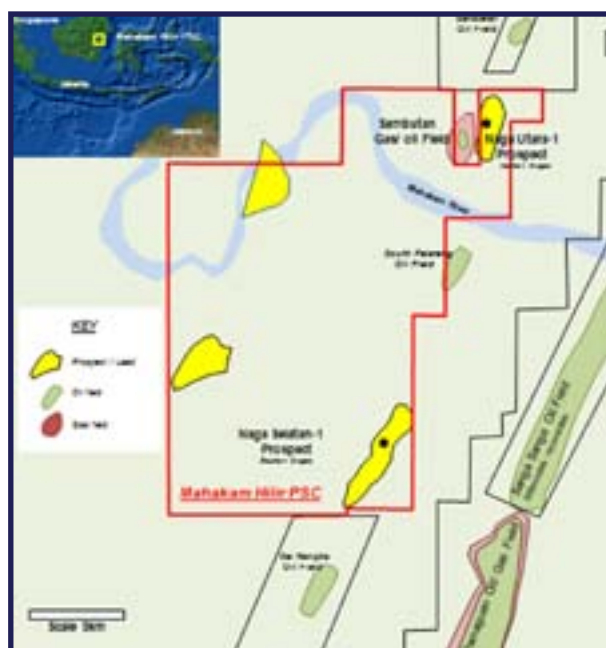


Figure 1 - Location of Mahakam Hilir PSC, Indonesia

Mark Paton
Chief Executive Officer

23 May 2012