



Cue Energy Resources Limited

A.B.N. 45 066 383 971

16 May 2012

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

Naga Selatan-1 Well, 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 15th May 2012, the 12 ¼ inch section of the Naga Selatan-1 well had reached a depth of 5000 feet MD (measured depth) and wire-line logs were run. The wire-line logs are currently being evaluated, while preparing to run the 9 5/8 inch casing to section TD (Total Depth). The plan is to drill ahead in 8 ½ inch hole to the well TD of 6500 feet.

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

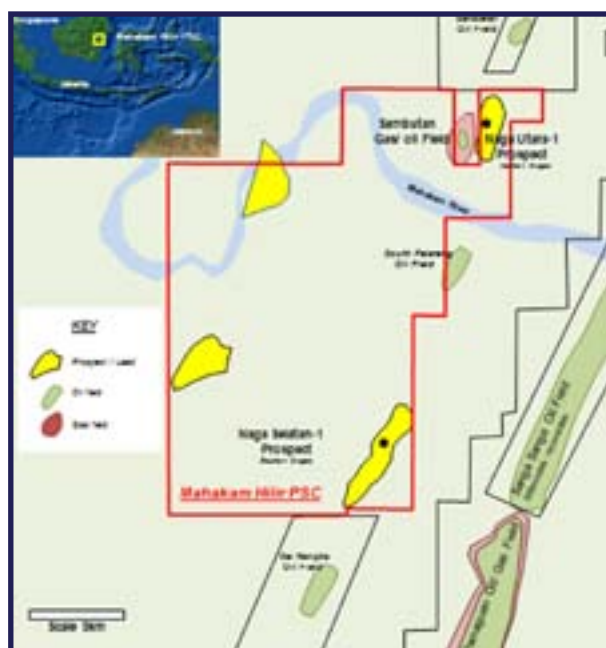


Figure 1 - Location of Mahakam Hilir PSC, Indonesia

Mark Paton
Chief Executive Officer

16th May 2012