



Cue Energy Resources Limited

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DATE : 13 February 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 that reads '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. The well is located within the Mahakam Hilir PSC in the Kutei Basin, Indonesia. The well operator is SPC Mahakam Hilir PTE Ltd (SPC).

It is proposed to drill to a total depth of 5500 ft Measured Depth (MD).

As of 13th February 2012 the well is at 4887 ft MD. The 9 5/8 inch casing was set in the previous section down to 3000 ft MD. Multiple hydrocarbon shows were encountered between 3040 ft MD and 4780 ft MD. A high-pressure gas zone was encountered between 4780 ft MD and 4887 ft MD. The gas flowed with drilling mud returns and was flared over three days, while the high-pressure kick was controlled and attempts were made to free stuck drill pipe.

The well is currently under control and a cement plug is being set over the stuck drill pipe and the high-pressure gas zone.

The forward plan is to evaluate the hydrocarbon shows with wire-line logs between 3000 ft MD and the top of the cement plug. After logging, the hole will be plugged to the last casing shoe at 3000 ft MD. The well will then be suspended for approximately three weeks while tools are mobilised for a sidetrack. The cement plug will be drilled out to 3200 ft MD before the hole is side-tracked to re-penetrate the gas zone and continue to Total Depth. The PSC participants will not incur rig day rates during the well suspension.

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%

Cue will continue to release reports of well progress 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

13th February 2012

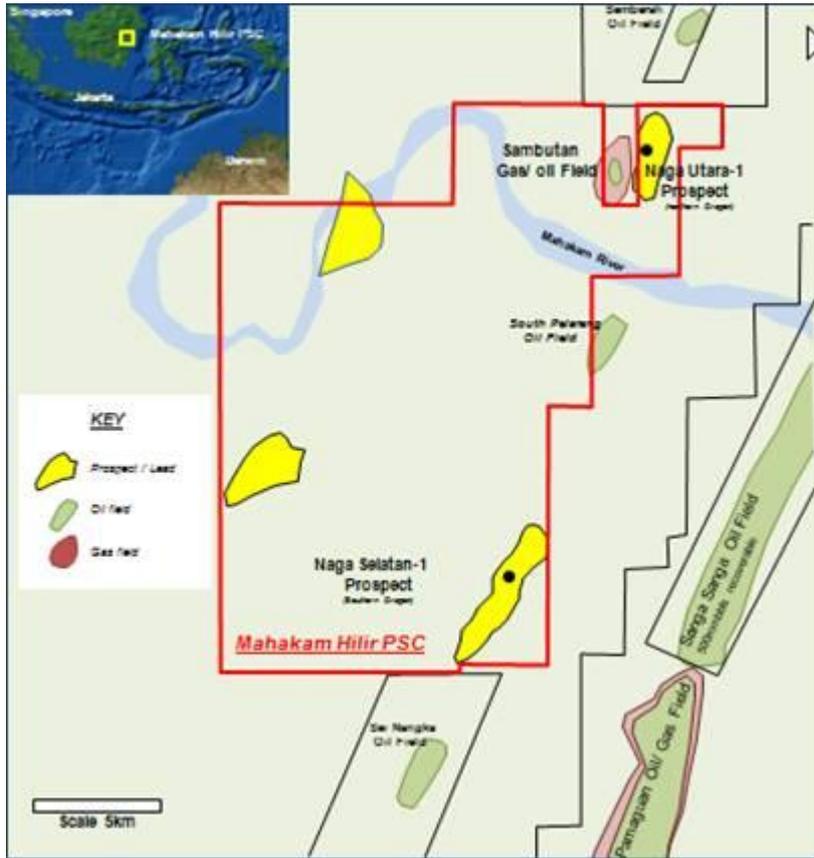


Figure 1 - Location of Mahakam Hilir PSC, Indonesia