



Cue Energy Resources Limited

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DATE : 27 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 onshore Kutei Basin, Indonesia. The well operator is SPC Mahakam Hilir PTE Ltd (SPC).

As of the 26th February 2012 the 8½ inch section of the sidetrack was drilled to 4653 feet MD and has been logged with wire-line tools. Preliminary interpretation indicates that the section encountered three hydrocarbon-bearing sandstone reservoirs, of approximately 80 net feet. Detailed evaluation of the wire-line logs will be completed in the next few days.

The forward plan is to set a 7 inch liner and drill ahead to a total depth of 5500 feet.

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 or when market sensitive information is available.

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 'Mark Paton'.

Mark Paton
Chief Executive Officer

27th February 2012

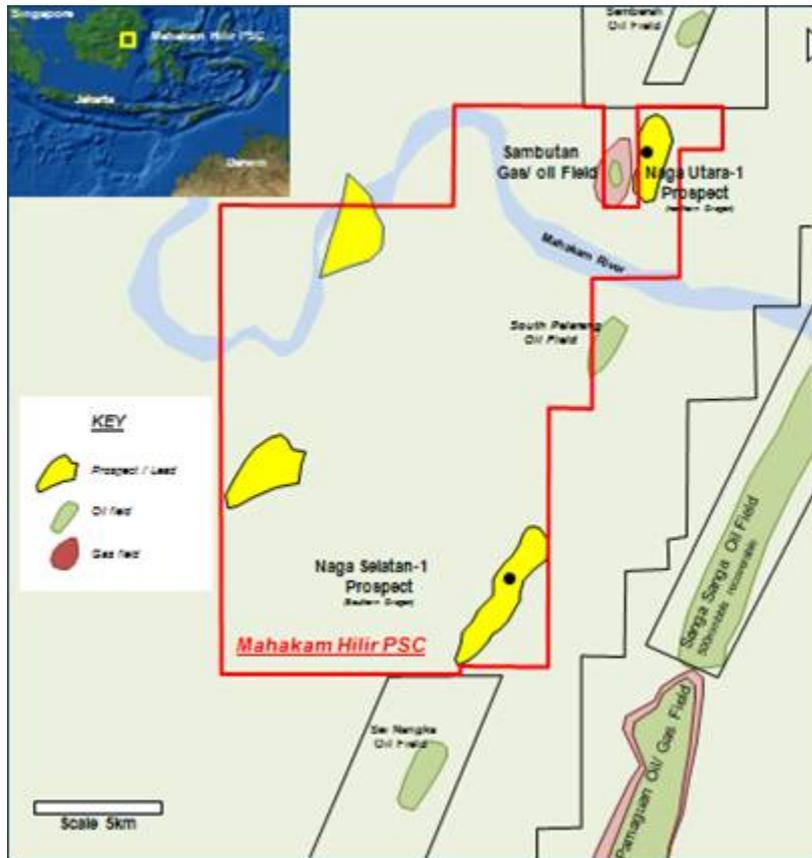


Figure 1 - Location of Mahakam Hilir PSC, Indonesia