



Cue Energy Resources Limited

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TO : Company Announcements Office
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20 Bond Street
Sydney NSW 2000

DATE : 25 January 2012

PAGES (including this page): 3

FROM : Andrew Knox

RE : **Naga Utara-1 Well, Mahakam Hilir PSC Development Update**

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) and is expected to take approximately 19 more days to complete including well testing.

As of 24th January 2012 the well is at 2232 ft MD. The 13 3/8 inch casing was set in the previous section down to 982 ft and the 12 ¼ inch hole is currently being drilled. Forthcoming operations will be to complete drilling the 12 ¼ inch section to 3000 ft MD and evaluate the section using wire-line logs.

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

A handwritten signature in black ink, appearing to read 'Mark Paton'.

Mark Paton
Chief Executive Officer

25th January 2012

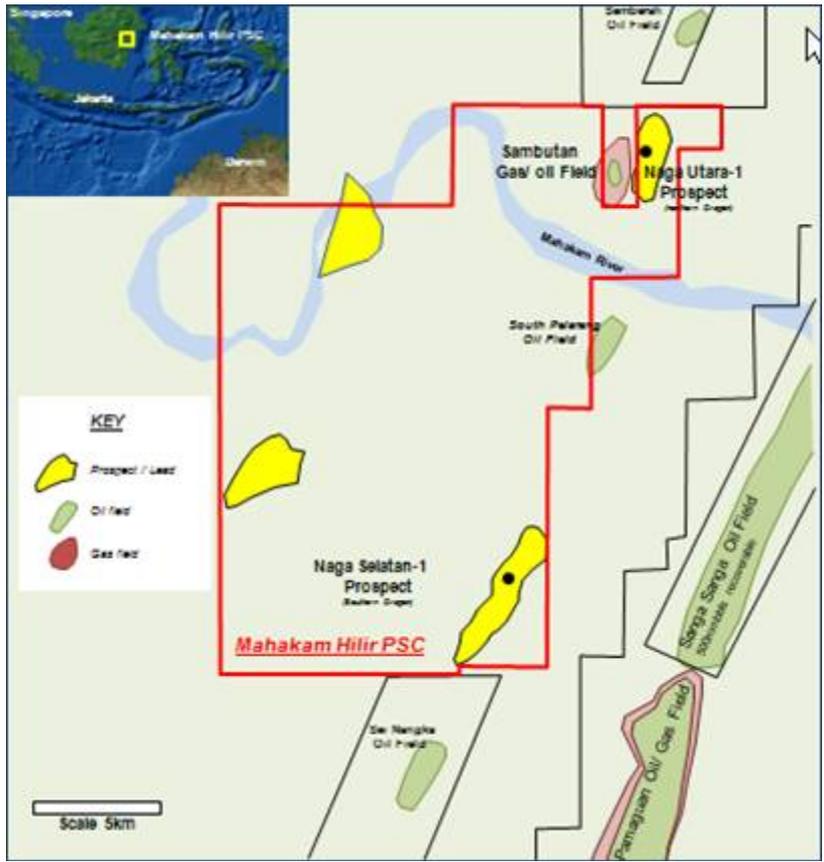


Figure 1 - Location of Mahakam Hilir PSC, Indonesia