



Cue Energy Resources Limited

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TO : Company Announcements Office
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DATE : 21 October 2010

PAGES (including this page):4

FROM : Andrew Knox

RE : **Apache Farms into WA-359-P and WA-409-P**

Attached please find Cue Energy Resources Limited's 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

Apache Farms into WA-359-P and WA-409-P

Cue Energy Resources Limited (*ASX:CUE; NZX:CUE; POMSOX:CUE; ADR/OTC:CUEYY*) is pleased to announce that Apache Northwest Pty Ltd has agreed to farm in to Cue's 50% interest permits WA-359-P and WA-409-P in the offshore Carnarvon Basin of Western Australia (see map).

Apache has agreed to acquire a minimum of 1000 square kilometres of 3D seismic data over both permits (Apache is planning to acquire approximately 1750 square kilometres) in return for a 40% interest in both permits. Cue's interest will reduce to 30% in both permits. Acquisition of the data is expected to begin in 2010. Apache also has the option to commit to drilling one well in one of the permits in return for up to a 30% additional interest.

Cue will have a free carried interest through the seismic and a 15% free carried interest in the optional well and both permits. If Apache does not commit to drilling a well in either of the permits, Cue will be reassigned its original 50% interest in both permits at no cost.

Cue has the option to pay 5% of the optional well cost to retain a 20% interest in both permits.

Apache will become the operator for both permits.

Cue comment

"The farmout to Apache strongly complements Cue's other interests in the Outer Rankin area of Carnarvon Basin", said Cue's Chief Executive Officer Bob Coppin.

"Cue has a 15% free carried interest in the high potential Artemis -1 well in WA-360-P that is expected to begin drilling in November 2010.

Cue has also recently farmed out to Woodside in the adjacent WA-389-P permit that contains the large Caterina prospect. Cue will have a free carried 35% interest through 1440 square kilometres of 3D seismic and the first well in the permit.

It is very pleasing for the company to have a significant free carried interest in these high potential areas and we are looking forward to the results of the 3D seismic data and to the wells that will follow."

Current participants in WA-359-P are:-

Cue Exploration Pty Ltd (Operator) <i>(a wholly owned subsidiary of Cue Energy Resources Limited)</i>	50%
Exoil Limited	50%

and in WA-409-P are:-

Cue Exploration Pty Ltd (Operator) <i>(a wholly owned subsidiary of Cue Energy Resources Limited)</i>	50%
Rankin Trend Pty Ltd <i>(a wholly owned subsidiary of Moby Oil & Gas Limited)</i>	50%

Any queries regarding the announcement should be directed to the Company on (03) 9670 8668 or email mail@cuenrg.com.au.



Robert J Coppin
Chief Executive Officer

21 October 2010

LOCATION MAP

