



Cue Energy Resources Limited

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FACSIMILE TRANSMISSION

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

DATE : 10 May 2005

PAGES (including this page):2

FROM : Andrew Knox

RE : **Cue to Make Renounceable Pro-rata Entitlement Offer**

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



Cue Energy Resources Limited

A.B.N. 45 066 383 97

RELEASE

Cue to Make Renounceable Pro-rata Entitlement Offer

The directors of Cue Energy Resources Limited have resolved to make a renounceable pro-rata entitlement offer to eligible shareholders of one new share for every five existing shares at an offer price of A20 cents for each new share.

The offer has been unconditionally underwritten by Todd Petroleum Mining Company Ltd as to 80%, a company associated with Cue directors R Tweedie and K Hoolihan; and Great Missenden Holdings Pty Ltd as to 20%, a company associated with Cue director EG Albers.

The pro-rata rights offer of 87,088,751 million shares will raise A\$17.3 million (less fees). A prospectus for the offer will be sent to shareholders in due course.

Use of funds

The funds raised will be used to fund Cue's reinstatement of its 15% interest in the promising Jeruk oil discovery in the Sampang Production Sharing Contract area, offshore East Java, Indonesia and to fund Cue's share of the estimated cost of the Jeruk -2 re-entry, sidetrack, coring and testing programme.

Any written queries regarding the announcement should be directed to the company on (03) 9629 7318 or email mail@cuenrg.com.au.

A handwritten signature in blue ink, appearing to read "R. J. Coppin".

Robert J Coppin
Chief Executive Officer

10 May 2005