



Cue Energy Resources Limited

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20 Bond Street
Sydney NSW 2000

DATE : 25 January 2008

PAGES (including this page):4

FROM : Andrew Knox

RE : **Cobra -1 Begins Drilling**

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

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RELEASE

Cobra -1 Begins Drilling

Cue is pleased to announce that the Cobra -1 well began drilling this morning, 25 January 2008.

Cobra -1 is located in PPL-190, onshore Papua New Guinea, on trend with the Bilip -1 oil and gas discovery and the producing SE Gobe field.

Cobra will test a sub thrust four way dip closure that is assessed to have the potential to contain 30-40 million barrels of recoverable oil (Cue share 3.3 - 4.4 million barrels) unrisks.

The well will be drilled to a total depth of 3071 metres measured depth and is expected to take 60 days to drill

The participants in the PPL 190 are:

Oil Search Limited (Operator)	62.556%
Murray Petroleum Company	26.497%
Cue PNG Oil Company	10.947%

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 blue ink, appearing to read "R. Coppin".

Robert J Coppin
Chief Executive Officer

25 January 2008

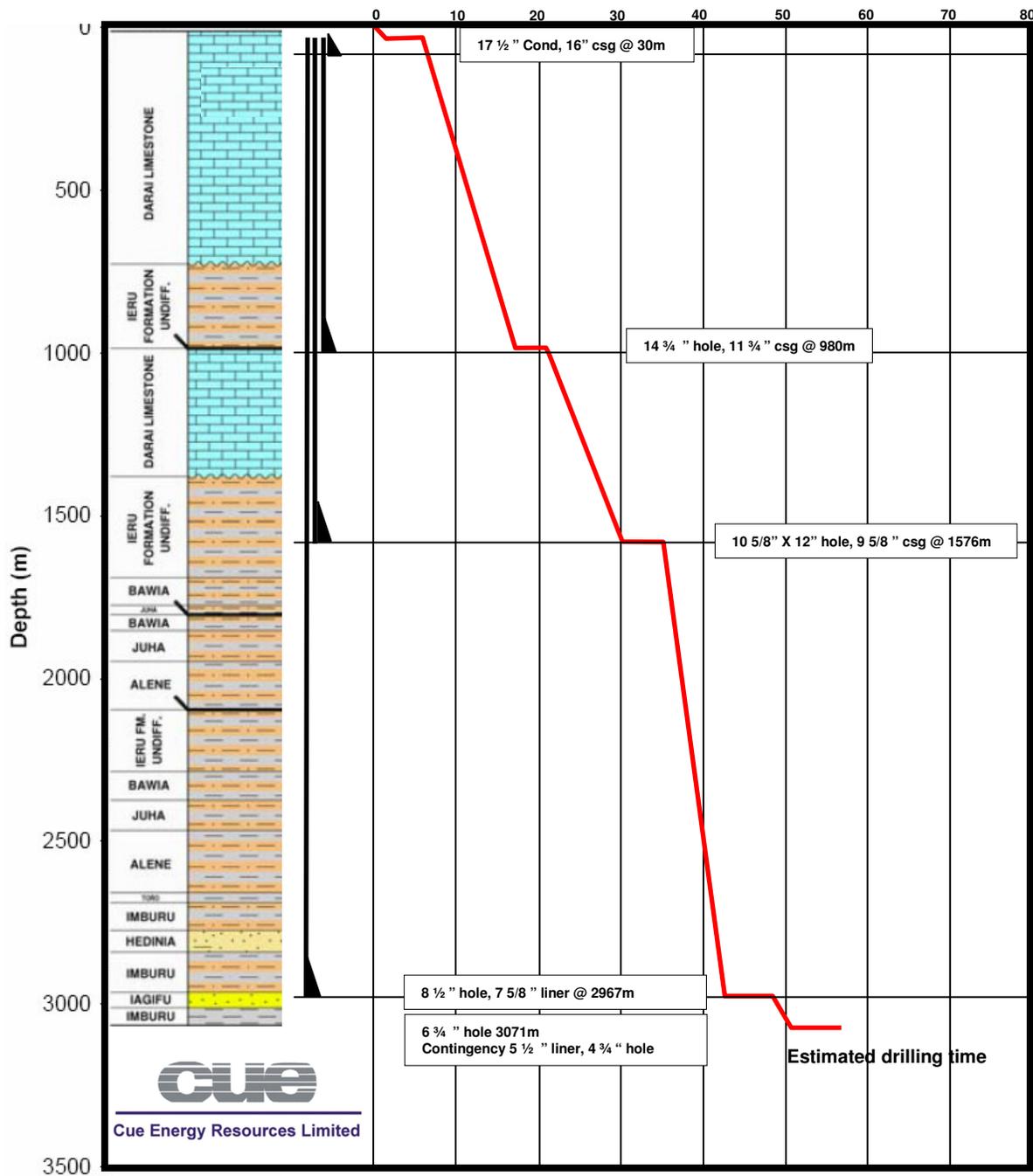


Figure 1.
Time – depth curve for
Cobra-1

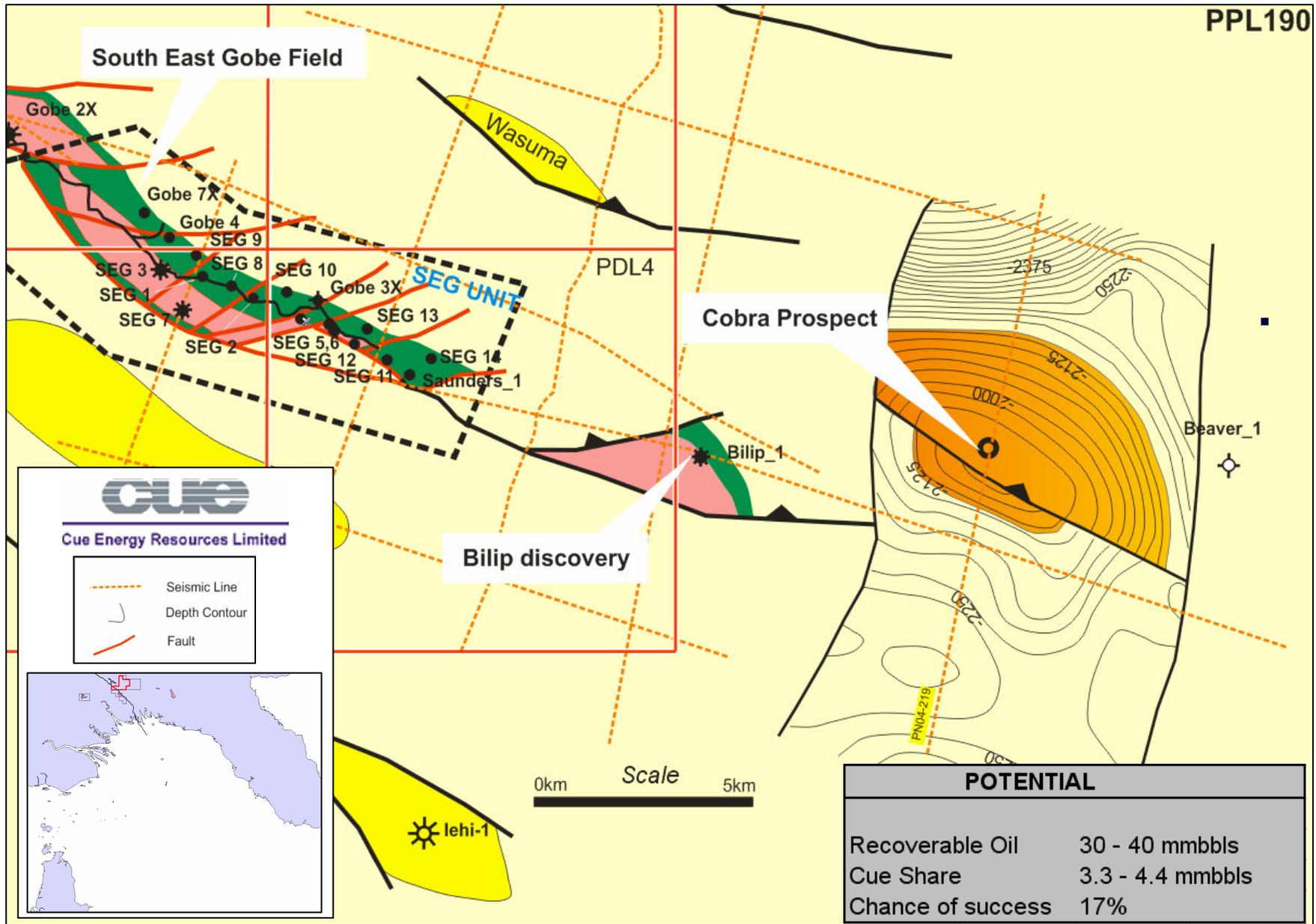


Figure 2. Cobra-1 location map and structure