



Cue Energy Resources Limited

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TO : Company Announcements Office
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20 Bond Street
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DATE : 4 January 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 advise that the Naga Utara-1 well is expected to spud on 4th January, 2012. The well is located within the Mahakam Hilir PSC in the Kutei Basin, Indonesia. The well operator is SPC Mahakam Hilir PTE Ltd (SPC).

The Naga Utara (*Northern Dragon*) prospect is situated adjacent to the Sambutan Gas Field which currently produces approximately 10 mmcf/d. Naga Utara is a gas prospect. It is proposed to drill to a total depth of 5500 ft MD and is expected to take approximately 30 days to complete.

Cue farmed into the onshore Mahakam Hilir PSC in June, 2011. This is compatible with Cue's objective to acquire high quality exploration/appraisal opportunities within our SE Asian focus area, and specifically adds to and compliments our Indonesian acreage holding in the Sampang PSC.

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 release reports of well progress initially on a weekly basis.

Any queries regarding the announcement should be directed to the Company on (03) 96708668 or email mail@cuenrg.com.au

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

Mark Paton
Chief Executive Officer

4th January 2012

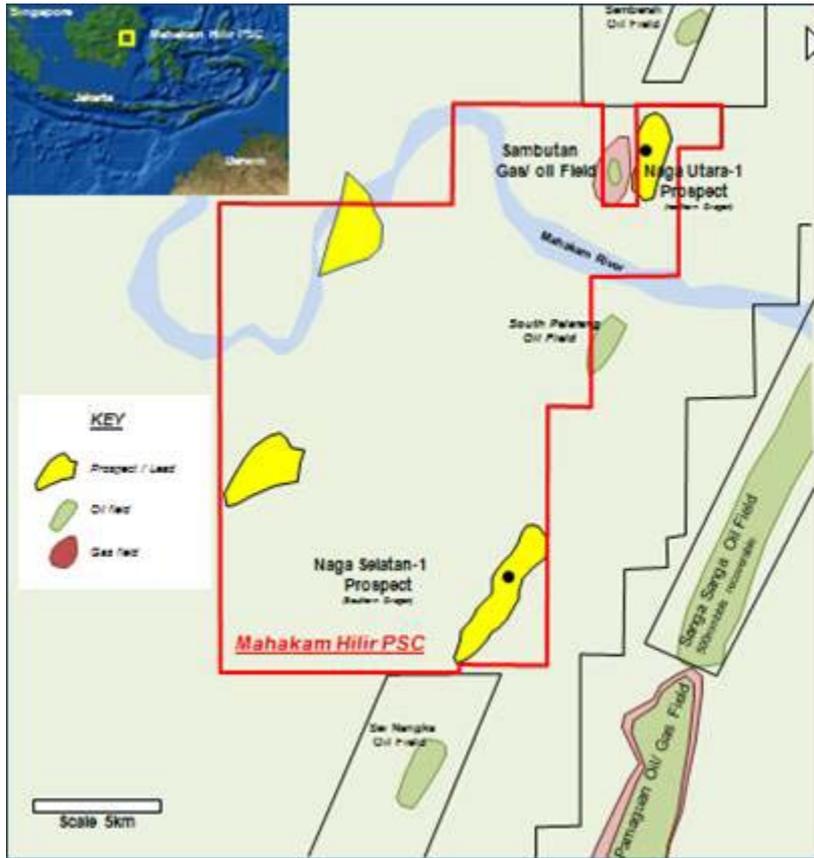


Figure 1 - Location of Mahakam Hilir PSC, Indonesia