



Cue Energy Resources Limited

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TO : Company Announcements Office
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20 Bond Street
Sydney NSW 2000

DATE : 2 May 2012

PAGES (including this page): 3

FROM : Andrew Knox

RE : **Naga Selatan-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, appearing to read "Andrew Knox".

Andrew M Knox
Public Officer



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RELEASE

(ASX: CUE; NZX: CUE; POMSOX: CUE; ADR/OTC: CUEYY)

Naga Selatan-1 Well, Mahakam Hilir PSC, Indonesia

Cue Energy Resources Ltd is pleased to advise a progress update during the drilling of the Naga Selatan-1 well. The well is located within the Mahakam Hilir PSC in the Kutei Basin, Indonesia. The well operator is SPC Mahakam Hilir Pte. Ltd.

The Naga Selatan (*Southern Dragon*) prospect is situated approximately 7.5km to the west of the producing Sanga-Sanga oilfield.

As of the 1st May 2012, the Naga Selatan-1 well was drilled to 1556 feet MD (measured depth) and wire-line logs were acquired. The logs are currently being evaluated. The 13 3/8 inch casing is being set at 1556 feet MD and the rig will then drill the 12 1/4 inch hole section.

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 be 'Mark Paton'.

Mark Paton
Chief Executive Officer

2nd May 2012

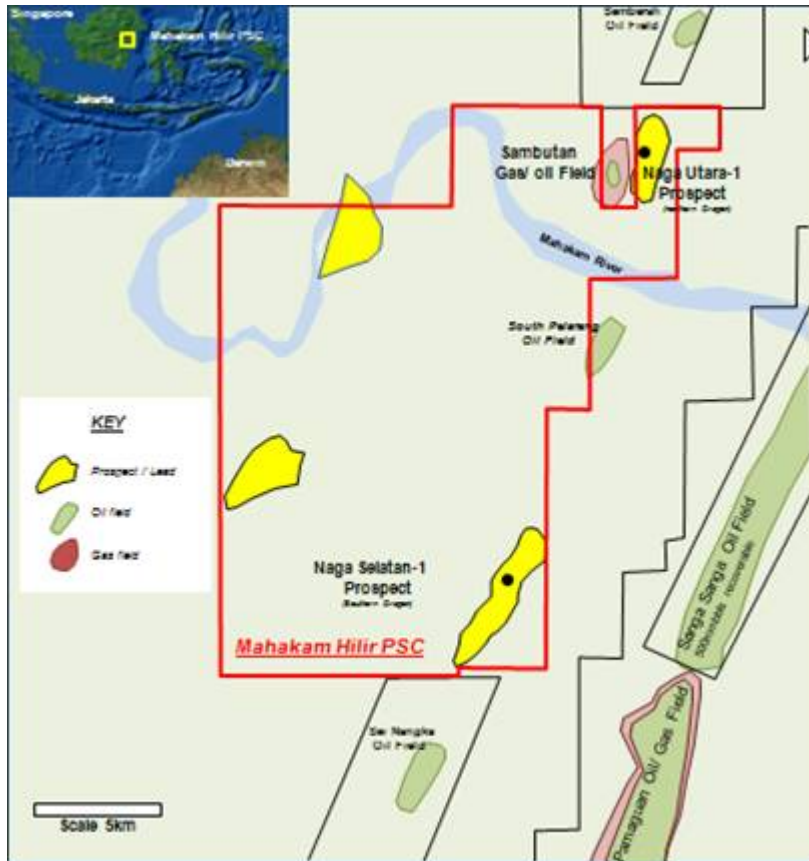


Figure 1 - Location of Mahakam Hilir PSC, Indonesia