



Cue Energy Resources Limited

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TO : Company Announcements Office
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20 Bond Street
Sydney NSW 2000

DATE : 16 May 2006

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, appearing to read "Andrew Knox". The signature is written in a cursive, flowing style.

Andrew M Knox
Public Officer



Cue Energy Resources Limited

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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 A22 cents for each new share.

The offer has been unconditionally fully underwritten by Todd Petroleum Mining Company Ltd a company associated with Cue directors R Tweedie and K Hoolihan.

The pro-rata rights offer of 104,706,501 million shares will raise A\$23 million (less fees). A prospectus for the offer will be sent to shareholders in due course.

Use of funds

The net proceeds of the issue will assist the Company in further appraisal of the Jeruk oil discovery, exploration drilling, the gas development phase of the Oyong field and ongoing development costs of the Maari oil field.

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 black ink, reading "Andrew Knox", enclosed within a rectangular box.

Andrew Knox
Public Officer

16 May 2006