



Cue Energy Resources Limited

A.B.N. 45 066 383 971

Level 21
114 William Street
Melbourne Victoria 3000
Australia

Telephone: (03) 9670 8668
Facsimile: (03) 9670 8661
Email: mail@cuenrg.com.au
Website: www.cuenrg.com.au

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

DATE : 18 January 2012

PAGES (including this page): 3

FROM : Andrew Knox

RE : **Naga Utara-1 Well, Mahakam Hilir PSC Development Update**

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 Utara-1 Well, Mahakam Hilir PSC, Indonesia

Cue Energy Resources Ltd is pleased to provide the following update on the drilling status of Naga Utara-1. The well is located within the Mahakam Hilir PSC in the Kutei Basin, Indonesia. The well operator is SPC Mahakam Hilir PTE Ltd (SPC).

It is proposed to drill to a total depth of 5500 ft Measured Depth (MD) and is expected to take approximately 25 more days to complete including well testing.

As of 17th January 2012 the well has been drilled to a depth of 988 ft measured depth. A 12¼ inch pilot hole has been drilled to mitigate shallow gas hazards. Forthcoming operations will be to increase the hole diameter to 17 ½ inches prior to setting the 13-3/8 inch casing.

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 continue to release reports of well progress 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark Paton
Chief Executive Officer

18th January 2012

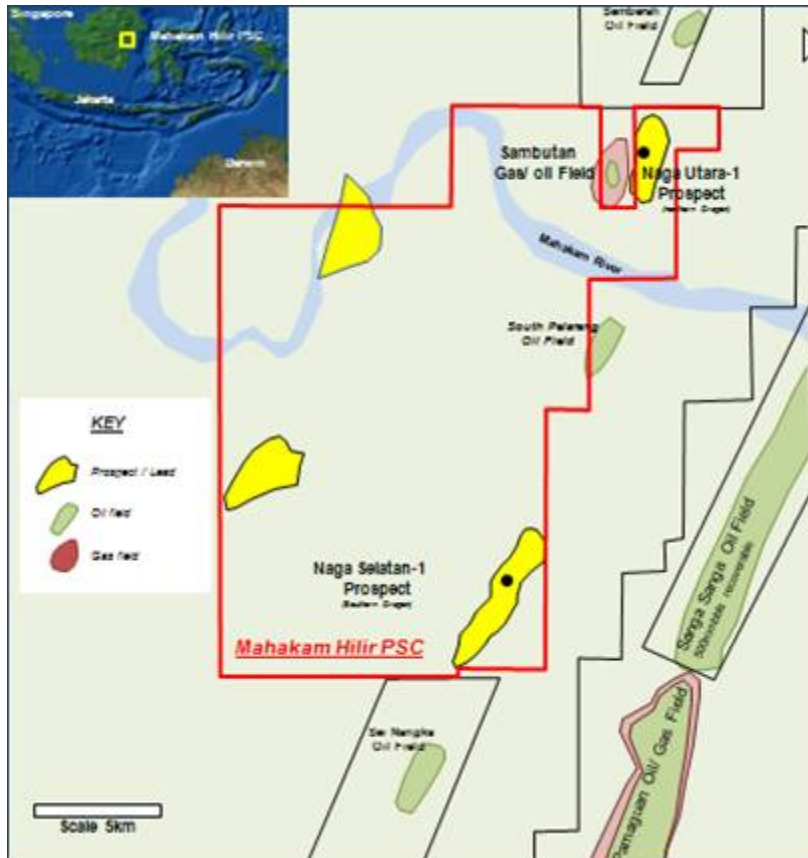


Figure 1 - Location of Mahakam Hilir PSC, Indonesia