



Cue Energy Resources Limited

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DATE : 25 November 2010

PAGES (including this page): 4

FROM : Andrew Knox

RE : **CUE CARNARVON BASIN EXPLORATION CAMPAIGN BEGINS**

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



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RELEASE

Cue's Carnarvon Basin Exploration Campaign Begins

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

Cue is pleased to announce that the Artemis -1 well in WA-360-P was spudded on Wednesday, November 24, 2010.

Cue has a no cost 15% interest in the Artemis -1 well which the operator MEO Australia assesses to have the potential to contain 12 trillion cubic feet of recoverable gas.

This marks the beginning of a very substantial campaign of exploration activity for Cue in the Carnarvon Basin that follows from recent farmouts to Woodside, Apache and our earlier farmout to MEO Australia. The area is considered to have potential for large gas discoveries and with success Cue could be supplying gas to one of the LNG developments in the region.

Over the next year a large program of new 3D seismic data acquisition, reprocessing and interpretation is planned to identify prospects for drilling.

In the nearby WA-359-P and WA-409-P permits, Apache Northwest is expected to begin acquiring a 1750 square kilometre 3D seismic survey this week. Cue will have a no cost 30% interest in this survey which will take around three months to acquire and will cost around US\$12 million. The survey is expected to define several new potentially drillable leads and prospects.

Apache has the option to increase its total interest in both permits to 70% by drilling a well in one of them. Cue will have a 15% no cost interest in the well and the permits with an option for Cue to pay 5% of the well cost to retain a 20% interest in both permits. Drilling is expected to start in early 2012.

In our WA-389-P Caterina permit Woodside is expected to begin acquiring a 1600 square kilometre 3D seismic survey in around February 2011. A firm well is expected to be drilled in late 2011/ 2012.

Cue will retain a no cost 35% interest in the permit and Woodside will earn a 65% interest by pay the seismic and drilling costs, reprocessing existing 3D seismic and paying US\$5 million to Cue to cover Cue's past costs.

The total cost of this work is expected to be around US\$60 million.

“This major exploration programme will provide Cue shareholders with a significant growth opportunity through exposure to the potential for large gas discoveries. We are pleased to be working with major companies such as Woodside and Apache and our program will benefit from their experience and technical expertise in the region” said Cue’s CEO Bob Coppin.

(Carnarvon Basin map attached)

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. J. Coppin', with a stylized flourish at the end.

Robert J Coppin
Chief Executive Officer

25 November 2010

CARNARVON BASIN PERMITS

