

Cue Energy Resources Limited A.B.N. 45 066 383 971

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TO : Company Announcements Office

> 10th Floor 20 Bond Street Sydney NSW 2000

DATE: 26 September 2006 PAGES (including this page):3

FROM: Andrew Knox

RE : Wortel -2 Begins Drilling

Attached please find Cue Energy Resources Limited's release with respect to the above mentioned.

Yours faithfully

Andrew M Knox **Public Officer**



Cue Energy Resources Limited

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RELEASE

Wortel -2 Begins Drilling

Cue is pleased to announce that the Wortel -2 appraisal well began drilling on 26 September 2006.

Wortel-2 is being drilled following the success of the Wortel-1 exploration well which intersected a 141 metres gas column in the target reservoir. Wortel-1 flowed natural gas at the rate of 18.5 million standard cubic feet per day through a 56/64" choke. Condensate was produced at a rate of four to five barrels per million cubic feet

The well is located in the Sampang Production Sharing Contract, offshore East Java, Indonesia, in 42meters water depth, approximately 1km south east of Wortel 1 and 6km west of the Oyong oil and gas field.

Wortel-2 will be drilled as a vertical well to appraise the Wortel discovery. It will be drilled to approximately 1400m sub-sea and is expected to take 18 days.

Participants in the Sampang PSC are:

Santos (Sampang) Pty Ltd 40.5% (Operator)
Singapore Petroleum Sampang Ltd 36%
Cue Sampang Pty Ltd 13.5%
PT Petrogas Oyong Jatim* 10%

Location map is attached.

Any queries regarding the announcement should be directed to the Company on (03) 9670 8668 or email mail@cuenrg.com.au.

Robert J Coppin

Chief Executive Officer

26 September 2006

^{*}Subject to finalization.

