

Cue Energy Resources Limited

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16 August 2006

Securities & Exchange Commission
Judiciary Plaza,
450 Fifth Street
Washington DC 20549

Dear Sir/Madam,

Please see attached information furnished pursuant to Section 12g3-2(b).
Our file number is 82-34692.

Yours faithfully,

Andrew M Knox
Public Officer

Enc.

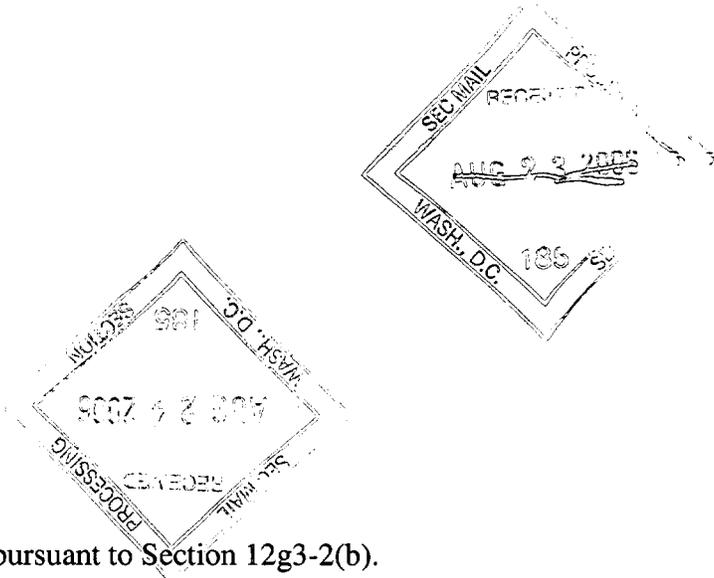
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RELEASE

Wortel -1 Begins Drilling

Cue is pleased to announce that the Wortel -1 well began drilling on 16 August 2006.

The well is located in the Sampang Production Sharing Contract, offshore East Java, Indonesia, in 42 metre water depth, approximately 7km west of the Oyong oil and gas field.

Wortel-1 will be drilled as a vertical well to test the equivalent limestone reservoir to the Oyong field in a fault dependent structural closure. The well will be drilled to approximately 1500m sub-sea and is expected to take 20 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%

*Subject to finalization.

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

16 August 2006

