Cue Energy Resources Limited

A.B.N. 45 066 383 971

25th Floor
500 Collins Street
Melbourne Victoria 3000
Australia

Telephone: (03) 9629 7577
Facsimile: (03) 9629 7318
Email: mail@cuenrg.com.au
Website: www.cuenrg.com.au

FACSIMILE TRANSMISSION

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

DATE : 29 September 2004 PAGES (including this page): 3

FROM : Andrew Knox

RE : **Early Oil Development Planned for Oyong**

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

Yours faithfully

Andrew M Knox
Chief Financial Officer

Cue Energy Resources Limited

A.B.N. 45 066 383 971

RELEASE

Early Oil Development Planned for Oyong

Cue is pleased to announce that as a result of the increase in Oyong field recoverable oil and the current high crude oil prices the joint venture is modifying the approved Oyong development plan to bring forward first oil production to third quarter 2005.

The planned new development will consist of a simple well head structure formed by triangular braced surface well conductors which will extend above the sea surface. Development wells will be drilled through and between the conductors. Up to seven development wells can be drilled through each structure.

Oil and gas will be processed on a nearby moored barge. Oil will be exported by shuttle tanker and gas will be sent by pipeline to the P.T. Indonesia electricity generating station at Grati, East Java.

First gas is expected around 2006. Solution gas associated with the early oil production will be reinjected until gas production begins to Grati.

Approval of Indonesian authorities will be required to revise the field plan of development and the environmental management plan.

The revised plan of development requires reduced capital expenditure with Cue's 15% share being reduced from US$19 million to US$14.5 million.

In addition, recent analysis of the Mundu Formation reservoir rock properties and consequent revised dynamic reservoir simulation modelling, have indicated that the peak oil production rate could reach 20,000 barrels of oil per day for a six well oil development and should average 9,000 barrels of oil per day for the first two years of production.

These changes are anticipated to have a very positive financial impact on Cue. Not only will Cue's share of capital costs be reduced, but Cue should now receive significant net revenue from oil production in the second half of 2005, subject to the receipt of necessary government approvals. In the first four years of production Cue expects to receive in total at least US$27 million net income before loan repayments with a peak year net income of approximately US$11 million.

The requirement for securitization of gas sale payments should also be reduced as the increased oil revenue due to higher proven reserves and increased oil prices are expected to substantially cover the cost of development.

Participants in the Sampang PSC are:

Cue Sampang Pty Ltd	15%
Santos (Sampang) Pty Ltd	45% (Operator)
Singapore Petroleum Company Limited	40%

Any queries regarding the announcement should be directed to the company on (03) 96297577 or email mail@cuenrg.com.au.

Robert J Coppin
Chief Executive Officer

29 September 2004