ABN 45 066 383 971

20 October 2016 **PAGES (including this page): 12**

ASX Market Announcements
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Corporate Governance Statement

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 OVERVIEW

Cue is an Australian based oil and gas company with activities in Australia, New Zealand, Indonesia and the USA.

THE COMPANY HAS:

- Long life production
- A strong balance sheet
- An active exploration programme

CUE ENERGY DIRECTORS

- Grant Worner (Executive Chairman)
- Koh Ban Heng
- Duncan Saville
- Brian Smith

CUE ENERGY MANAGEMENT

- Andrew Knox (CFO)
- Jeffrey Schrull (Exp Man)

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CORPORATE GOVERNANCE STATEMENT
30 JUNE 2016

The Directors of Cue Energy Resources Limited recognise the need for high standards of corporate governance and are focused on fulfilling their responsibilities individually and as a Board to all of the Company's stakeholders.

In addition to the information contained in this statement, the Company's website (www.cuenrg.com.au) contains a dedicated corporate governance section which includes copies of the key corporate governance policies adopted by the Company.

The Company endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (with 2010 amendments) ("ASX Principles").

Unless otherwise disclosed, the Company has in place corporate governance practices which comply with the ASX Principles.

The following statement outlines the practices adopted by the Company.

ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

In March 2014, the Australian Stock Exchange (**ASX**) Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations (**Recommendations**). The Company has chosen to adopt the third edition of the Recommendations. Throughout the year, Cue continued the corporate governance practices disclosed in our 2015 Corporate Governance Statement (which complied with the second edition of the Recommendations) and, where appropriate, updated its arrangements and reporting to reflect the new Recommendations.

Principle 1: Laying solid foundations for management and oversight

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The role of the Board is to lead and oversee the management and direction of the Company.

After appropriate consultation with Executive Management, the Board:

- defines and sets the Company's strategic direction and business objectives and subsequently monitors performance and achievement of those objectives;
- oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes, review of Executive management remuneration practices and insurance needs of the Company;
- appoints and appraises the Interim Executive Chairman and any other Executive Director;
- reviews and approves the remuneration of the Interim Executive Chairman, any other Executive Director and Senior Executives;
- monitors financial performance and approves budgets; and
- reports to shareholders.

The Board has delegated authority for the running of the day to day business to the Chairman who has assumed the CEO's duties on an interim basis.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The performance of senior executives is reviewed annually as part of the duties performed by the Board.

Recommendation 1.3: A listing entity should have a written agreement with each director and senior executive setting out the terms of their employment.

The Company issues a formal letter of appointment to directors setting out the terms and conditions of that appointment and the expectations of the role of the director.

Recommendation 1.4: The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.

The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretaries, Andrew Knox and Pauline Moffatt, are accountable directly to the Board (through the Chairman) on all matters to do with the proper functioning of the Board.

Details of the Company Secretaries are set out in the Annual Report.

Principle 2: Structure the Board to Add Value

The current Board is made up of 4 Directors.

- Grant Worner (Executive Chairman)
- Koh Ban Heng (Non-Executive Director)
- Duncan P. Saville (Non-Executive Director)
- Brian L. Smith (Non-Executive Director)

The Board comprises a broad base of industry, business, technical, administrative, corporate skills and experience considered necessary to represent the shareholders and fulfil the business objectives of the Company. The details of background, experience and professional skills of each Director are set out on the Company's website.

Each of the Directors is entitled to seek independent advice at the Company's expense to assist them to carrying out their responsibilities.

The Board reviews, at least annually, the composition of the Board to determine if additional core strengths are required to be added in light of the nature of the Company's businesses and its objectives.

One third of the Directors retires annually and is free to seek re-election by shareholders.

Recommendation 2.1: A majority of the board should be independent directors.

The Board makes an annual determination in respect of the independence of each Board member. After careful deliberations and consideration after the CEO resignation, the Board appointed the Chairman in the role of Executive Chairman on an interim basis and due to the executive nature of the role at that time the Chairman's status changed from being an independent to non-independent director. Per the Company's constitution, the Chairman does not have a deciding vote. The Board consider that there are appropriate controls such that where required non-independent directors exclude themselves from any items of business where there may be a conflict.

Recommendation 2.2: The Chair should be an independent director.

The CEO resigned and the Chairman assumed the CEO's duties on an interim basis and due to the executive nature of the role at that time the Chairman's status changed from being an independent to non-independent director.

Recommendation 2.3: The role of the Chairman and the CEO should not be exercised by the same individual.

The Board consider that there are appropriate controls such that where required the Chairman excludes himself from any items of business where there may be a conflict.

Recommendation 2.4: The board should establish a nomination committee.

The Board has determined that due to its small size it would not be efficient to maintain a separate Remuneration and Nomination Committee. The responsibilities generally performed by this committee have been assumed by the Board.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board is responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The Board may engage an independent recruitment firm to undertake a search for suitable candidates.

Cue undertakes appropriate background and screening checks prior to nominating a Director for election by shareholders, and provides to shareholders all material information in its possession concerning the Director standing for election or re-election in the explanatory notes accompanying the notice of meeting. The Chairman of the Board undertakes annual performance evaluations. The performance evaluations are designed to review the Board's performance and effectiveness of achieving its set objectives and targets. The Chairman issues each Director the requirements, expectations, and aspects of involvement in the Company. The Board is also responsible for the performance evaluations of the senior executives, individually and together. This is reviewed against the discussed and agreed objectives of the Company and their effectiveness in carrying out those objectives.

Recommendation 2.6: Company induction and professional development of directors

The Company has a program for the induction of new Directors. This induction covers all aspects of the Company's operations so as to ensure that new Directors are able to fulfil their responsibilities and contribute to Board decisions.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of the individuals for reporting and investigating reports of unethical practices.

The Company has established a code of conduct which recognises the Company's commitment to business and corporate ethics and recognition of the interests of shareholders. Directors, senior management, employees and where relevant and to the extent possible, contractors of the Company are required to comply with the code of conduct.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Directors are required to make disclosure of any share trading. The Company's policy in relation to share trading is that officers, employees and contractors are prohibited from trading whilst in possession of unpublished price sensitive information concerning the Company. That is information which a reasonable person would expect to have a material effect on the value of the Company's shares. An officer must discuss the proposal to acquire or sell shares with the Chairman prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must also be notified to the Company Secretary who makes disclosure to the ASX.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives in achieving them.

The Company established a formal policy on diversity in June 2012. This policy supports the existing equal opportunity policy and non discrimination policy as well as states a commitment to improving gender diversity within the Company.

Recommendation 3.3: Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The measurable objectives set by the Board for achieving gender diversity include:

- adopting a Company wide Diversity policy
- disclosing the policy in the corporate governance section on the Company's website; and
- tracking and reporting on the percentages of women employed by the Company as a whole, in senior management positions and on the Board.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior management and women on the board.

As at 30 June 2016 the proportion of women in the organisation was 8 out of 33 (24%), the proportion of women in senior executive positions is 0 of 3 (0%) and proportion of women on the Board is 0 (0%).

Principle 4: Safeguarding integrity in financial reporting

Recommendation 4.1: The board should establish an audit committee.

The Board has established an Audit Committee to safeguard the integrity of the Company's financial reporting.

Recommendation 4.2: The audit committee should be structured so that it consists only of non-executive directors, a majority of independent directors, is chaired by an independent chair who is not the chair of the board, and has at least two members.

The Audit Committee consists of two members:

- Mr Brian Smith – Chairman of the Audit Committee, Non-Executive Director; and
- Mr Ban Heng Koh, Non-Executive Director

Mr Andrew Knight was also a member of this committee while a director of the Company.

Recommendation 4.3: The audit committee should have a formal charter.

An Audit and Risk Committee and charter have been established. The charter is available on the Company's website.

The primary role of the Audit and Risk Committee is to assist the Board to fulfil its corporate governance responsibilities relating to financial accounting practices, external financial reporting, financial risk management and internal control, the internal and external audit function, compliance with laws and regulations relating to these areas of responsibility and identification and development of strategies and actions to manage business risk.

Recommendation 4.4: External auditors attendance at AGMs.

The Board ensures that a representative of the external auditor of the Company attends the AGM to allow shareholders to ask the external auditor any questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with the ASX listing rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has in place an ASX Compliance procedure which outlines the requirements to comply with the ASX listing rules disclosure requirements and to ensure accountability at the senior executive level for that compliance.

The Public Officer, Company Secretary and Chief Financial Officer, A.M Knox, has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, secondary exchanges, the media and the public.

Principle 6: Respect the rights of shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company has established a Communications Policy for promoting effective communication with shareholders and encouraging their participation at general meetings.

The Company maintains a website which is kept up to date with all relevant announcements to the market and related information after release to the ASX. The web address is www.cuenrg.com.au.

A copy of the communications policy is available on the Company's website.

Principle 7: Recognise and manage risk

Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Risk recognition and management are viewed by the Company as integral to the Company's objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The Board is responsible for the overall risk management framework and has delegated to the Audit and Risk Committee the responsibility for:

- reviewing the adequacy and effectiveness of CUE's risk management framework; and
- assisting the Board with regards to oversight of CUE's risk management by gaining assurance that all major identified risks are being adequately managed and that mitigation practices are appropriate.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit and Risk Committee on:

- the risk management and internal control system during the year; and
- the Company's management of its material business risks.

The Company does not have an internal audit function. Management of the Company annually perform an assessment of Company's risks and identify measures to manage the risks to levels consistent with the risk appetite of the Company. A risk register for the Company is maintained to document the risks identified. Risk is reviewed as part of the Board meetings. A risk assessment procedure is used to assess all risks when the Company is contemplating a new business venture. Should the risk profile of the Company change, the risk register will be updated to reflect this accordingly and any further controls required will be implemented.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The CEO and CFO state in writing to the Board every financial year that the statements made by them regarding the integrity of the financial statements are founded on a sound system of risk management, internal compliance and control, which in all material respects implements the policy as adopted by the Board and that the risk management and internal compliance control to the extent that they relate to financial reporting are operating effectively and efficiently in all material respects. Risk exposures to financial instruments and the Company's responses are included in the annual report.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1: The board should establish a remuneration committee.

The Board has determined that due to its small size it would not be efficient to maintain a separate Remuneration and Nomination Committee. The responsibilities generally performed by this committee have been assumed by the Board.

Recommendation 8.2: The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least two members.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.
Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

Further information on Directors and Executives remuneration is set out in the Directors' Report and Remuneration Report.

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ASX Corporate Governance Council recommendations checklist

This table cross-references the ASXCGC Recommendations to the relevant sections of the Corporate Governance Statement, the Directors' Report and the Remuneration Report.

ASX Corporate Governance Council Recommendations		Reference	Comply
Principal 1 – Lay solid foundations for management and oversight			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.		✓
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	2.5	✓
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.		✓
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.		✓
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	3.2, 3.3 N/A	✓
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	2.5	✓
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	1.1, 1.2	✓
Principle 2 – Structure the board to add value			

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2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	2.4	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Directors' Report	✓
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Directors' Report	✓
2.4	A majority of the board of a listed entity should be independent directors.	2.3	✓
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	2.3	✓
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		✓
Principle 3 – Act ethically and responsibly			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	3.1	✓
Principle 4 – Safeguard integrity in corporate reporting			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	4.3	✓
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	7.3	✓
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	4.4	✓
Principle 5 – Make timely and balanced disclosure			

5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	6.1	✓
Principle 6 – Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.		✓
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	6.1	✓
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	6.1	✓
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	6.1	✓
Principle 7 – Recognise and manage risk			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	4.3	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.		✓
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	N/A 7.2	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	4.3,7.2, 7.3	✓
Principle 8 – Remunerate fairly and responsibly			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	2.4	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Remuneration Report	✓

8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	N/A	