



**SEGUE**  
RESOURCES LTD

**ABN 49 112 609 846**

**Half-Year Financial Report  
31 December 2008**

## **Corporate Directory**

### **Directors**

Glenn Whiddon	Executive Chairman
Paul Fry	Non-executive Director
Jurgen Hendrich	Non-executive Director

### **Company Secretary**

Neville Bassett

### **Registered Office**

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1292 Hay Street  
West Perth WA 6005  
Telephone: (08) 9486 4699  
Facsimile: (08) 9486 4799  
Email: admin@segueresources.com

### **Auditors**

PKF Chartered Accountants  
Level 7, BGC Centre  
28 The Esplanade  
Perth WA 6000

### **Bankers**

National Australia Bank  
226 Main Street  
Osborne Park WA 6017

### **Share Registry**

Advanced Share Registry Service  
110 Stirling Highway  
Nedlands WA 6000  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### **Stock Exchange Listing**

The Company is listed on the Australian Securities Exchange Ltd (ASX)  
Home Exchange: Perth, Western Australia

**ASX Code: SEG**  
**SEGO**

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## DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2008.

### DIRECTORS

The names of the Segue Resources Limited's ("Segue" or "Company") directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Glenn Whiddon  
Paul Fry  
Jurgen Hendrich

### REVIEW AND RESULTS OF OPERATIONS

The principal activities of the company and its subsidiaries during the period were mineral exploration. The net loss for the half-year ended 31 December 2008 was \$400,534 (31 December 2007 \$377,520). The net loss included the following items:

- Share based remuneration of \$139,991; and
- Interest expense of \$47,662.

#### ***Pardoo Nickel Project***

The Pardoo Nickel Project is host to the Highway Deposit where a JORC-code compliant inferred mineral resource of 44.7Mt grading 0.3% nickel and 0.1% copper has been previously identified. Under a joint venture arrangement with Mithril Resources Limited, ("Mithril") may earn up to a 65% interest in the project via the expenditure of up to A\$15.5 million.

The four drillhole program at Pardoo was completed in July 2008. Of the four, two drillholes were targeted to test the continuity and depth potential of the Highway Resource and two targeted regional geophysical anomalies.

Significant Results:

Hole ID	From (m)	To (m)	Interval (m)	Nickel (%)	Copper (%)	Cobalt (%)
<b>DD08HW001</b>	55.3m	115m	59.7m	0.22	0.01	0.02
	178m	273m	95m	0.41	0.16	0.03
<i>including</i>	179m	191m	12m	0.62	0.21	0.04
	208m	252m	44m	0.56	0.15	0.04
<b>DD08HW002</b>	188m	272m	84m	0.36	0.09	0.02
<i>including</i>	200.5m	259.7m	59.2m	0.44	0.1	0.03

In addition DD08HW002 intersected a 1.5m interval grading 5.18g/t gold and 1.05% copper at 286.5m downhole. The mineralisation appears to be associated with carbonate-sulphide veining within a metasediment. DD08HW001, drilled 200m to the northeast also encountered gold and copper values at this horizon (1.37 g/t and 0.55% copper over 1m). These results warrant further investigation.

The Drilling information has now been integrated into the drill database and geological model is currently being updated. Compilation of previous exploration work (geology and drilling) along with further interpretation and analysis of the ground electromagnetic survey results has identified further drill targets in the vicinity of Supply Well.

All information relating to the Pardoo Nickel Project during the reporting period was conducted by Mithril under the terms of the Joint Venture Agreement.

***Coronet Hill Project, Northern Territory (Segue 100%)***

The Coronet Hill Tin and Tungsten Project encompasses the old Coronet Hill copper and silver mining field approximately 60 km east of Pine Creek in Northern Territory, Australia. Mineralisation is widespread along the major Coronet Hill Fault with minor historical production from several veins over a strike length of 4 km.

Bulk metallurgical samples were collected during the half year and a report discussing the results of the testwork is pending.

***Wauchope, Northern Territory (Segue 100%)***

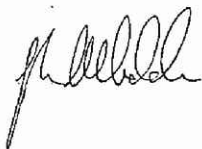
On 3<sup>rd</sup> April 2006, Segue entered into an agreement with Imperial Granite & Minerals Pty Ltd to conditionally purchase 100% of EL 24850, located near Wauchope in the northern Territory. In 2007 Segue acquired ELA25639 which is adjacent to Newmont's historical Groundrush Mine in the Tanami from Mc Cleary Investments. Both exploration licence applications are on aboriginal freehold land in the Northern Territory. During the half year, initial meetings have been held with the traditional owners being the first significant step in the granting process. Desktop evaluation of the projects is ongoing.

There were no further developments with the Segue Resources projects during the current period.

**AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration from our auditor's, PKF Chartered Accountants, which is included on page 6.

Signed in accordance with a resolution of the directors



**Glenn Whiddon  
Chairman**

Perth, 13th March 2009

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Segue Resources Ltd for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Segue Resources Ltd and the entities it controlled during the half year.



**PKF**  
Chartered Accountants



**Neil Smith**  
Partner

Dated in Perth, Western Australia on this 13<sup>th</sup> day of March 2009

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**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Notes	31 December 2008 \$	31 December 2007 \$
Continuing Operations			
Other Income		4,877	180,768
Other expenses		(405,411)	(558,288)
Loss from continuing operations before income tax and finance costs		(400,534)	(377,520)
Finance costs		-	-
Loss before income tax		(400,534)	(377,520)
Income tax expense		-	-
Loss from continuing operations after tax		<u>(400,534)</u>	<u>(377,520)</u>
Earnings per share (cents per share)			
- basic; for loss for the half-year		(0.568)	(0.626)
- diluted; for loss for the half-year		(0.568)	(0.626)

*The above Condensed Income Statement should be read in conjunction with the  
accompanying notes*

**CONDENSED CONSOLIDATED BALANCE SHEET  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31 December 2008 \$	30 June 2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		188,035	385,489
Trade and other receivables		15,560	32,966
Financial assets		5,000	-
<b>Total Current Assets</b>		<b>208,595</b>	<b>418,455</b>
<b>Non-Current Assets</b>			
Exploration and evaluation		6,324,012	6,349,533
Property, plant and equipment		16,108	20,644
Deferred tax asset		1,897,203	1,901,560
<b>Total current Assets</b>		<b>8,237,323</b>	<b>8,271,737</b>
<b>TOTAL ASSETS</b>		<b>8,445,918</b>	<b>8,690,192</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		124,291	414,665
Financial liabilities	8	300,000	-
<b>Total Current Liabilities</b>		<b>424,291</b>	<b>414,665</b>
<b>Non-Current Liabilities</b>			
Deferred income tax liabilities		1,897,203	1,901,560
<b>Total Non-current Liabilities</b>		<b>1,897,203</b>	<b>1,901,560</b>
<b>TOTAL LIABILITIES</b>		<b>2,321,494</b>	<b>2,316,225</b>
<b>NET ASSETS</b>		<b>6,124,424</b>	<b>6,373,967</b>
<b>EQUITY</b>			
Contributed equity		9,308,285	9,297,285
Reserves		409,671	269,680
Accumulated losses		(3,593,532)	(3,192,998)
<b>TOTAL EQUITY</b>		<b>6,124,424</b>	<b>6,373,967</b>

*The above condensed balance sheet should be read in conjunction with the accompanying notes*



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>December 2008 \$</b>	<b>December 2007 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(269,189)	(396,851)
Interest received	4,877	5,872
Receipts from Customers	200	-
<b>Net cash outflow from operating activities</b>	<b>(264,112)</b>	<b>(390,979)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(698)
Payment/Recoupment of exploration expenditure	7,754	(249,217)
Payments for acquisition of mining assets	(236,905)	-
Receipt of funding from related parties	295,809	-
Proceeds from sale of equity investments	-	160,019
<b>Net cash flows from investing activities</b>	<b>66,658</b>	<b>(89,896)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	-
Payments for capital raisings	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	(197,454)	(480,875)
Cash and cash equivalents at beginning of period	385,489	583,384
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>188,035</b>	<b>102,509</b>

*The above condensed cash flow statement should be read in conjunction with the accompanying notes.*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2007</b>	8,797,285	269,680	(2,669,370)	6,397,595
Loss for the period	-	-	(377,520)	(377,520)
<b>At 31 December 2007</b>	<u>8,797,285</u>	<u>269,680</u>	<u>(3,046,890)</u>	<u>6,020,075</u>
<b>At 1 July 2008</b>	9,297,285	269,680	(3,192,998)	6,373,967
Loss for the period	-	-	(400,534)	(400,534)
Issue of Shares	11,000	-	-	11,000
Share Based payments	-	139,991	-	139,991
<b>At 31 December 2008</b>	<u>9,308,285</u>	<u>409,671</u>	<u>(3,593,532)</u>	<u>6,124,424</u>

*This above condensed statement of changes in equity should be read in conjunction with the accompanying notes*

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

### **NOTE 1: CORPORATE INFORMATION**

The financial report of Segue Resources Limited ("the Company") for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 13<sup>th</sup> March 2009. Segue Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in note 3.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Segue Resources Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Segue Resources Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### **(a) Basis of Preparation**

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### **(b) Going concern**

The consolidated entity incurred a net loss of \$400,534 (2007: \$377,520) for the half year ended 31 December 2008, and has a working capital deficiency of \$215,696 as at that date. In addition, the consolidated entity had cash and cash equivalents of \$188,035 at 31 December 2008. Based upon financial forecasts 12 months from the date of the audit report adopted by the Directors, the consolidated entity requires additional cash funding to maintain its current level of activity for the next 12 months.

The ability of the consolidated entity to continue as a going concern is principally dependent upon raising additional capital to fund exploration commitments, other principal activities and for use as working capital. The consolidated entity has also received financial support from a director related entity, if other funding is not obtained, to enable the consolidated entity to continue to meet its debts for at least 12 months from the completion of this half year financial report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)**

Any funding provided by the director related entity is non interest bearing through to 31 December 2008 and will be repayable out of proceeds from the next capital raising completed by the consolidated entity. Based on the above, the directors are satisfied that the going concern basis of preparation is appropriate.

The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

**(c) Significant accounting policies**

**New standards and Interpretations Not Yet Adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption for financial reporting periods beginning 1 January 2009 but have not been applied in preparing the financial report.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Group
<p><i>AASB 101 Presentation of Financial Statements (Revised September 2007), AASB 2007-8 Amendments to Australian Accounting Standards &amp; Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101</i></p> <p>The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	This is a disclosure standard, so will have no direct impact on amounts in the financial report, other than amendments to disclosures.
<p><i>AASB 123 Borrowing Costs (Revised), AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations 1 &amp; 12</i></p> <p>This revision eliminates the option to expense borrowing costs on qualifying assets and requires that they be capitalised. The Amending Standard eliminates reference to the expensing option in various other pronouncements.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The adoption of this standard will have no impact on the group.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Group
<p><i>AASB 3 Business Combinations (Revised), AASB 127 Consolidated and Separate Financial Statements (Amended), AASB 2008-3 Amendments to AASBs arising from AASB 3 and AASB 127</i></p> <p>This revision changes the application of acquisition accounting for business combinations and accounting for non-controlling interests. The revised and amended standards incorporate many changes which will have a significant impact on the profit and loss for entities entering into business combinations.</p>	Beginning 1 July 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
<p><i>AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 &amp; 1038 arising from AASB 8</i></p> <p>This standard supersedes AASB 114 Segment Reporting, introducing a US GAAP approach of management reporting as part of the convergence project with FASB.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	AASB 8 is a disclosure standard, so will have no direct impact on amounts in the financial report, other than amendments to disclosures.
<p><i>AASB 2008-1 Amendments to Australian Accounting Standards: Share-Based Payments: Vesting Conditions and Cancellations</i></p> <p>This clarifies that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
<p><i>AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i></p> <p>This amends and clarifies the following standards AASB 101, AASB 118, AASB 127 and AASB 136 for the treatment of determining the cost of an investment in a subsidiary, jointly controlled entity or associate.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Group
<p><i>Interpretation 17 Distributions of Non-cash Assets to Owners</i></p> <p>This Interpretation provides guidance on how an entity should measure distributions of assets other than cash when it pays dividends to its owners, except for common control transactions.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.

### NOTE 3: SEGMENT INFORMATION

The Company operates in one business and geographical segment being mineral exploration and prospecting for minerals in Australia.

### NOTE 4: REVENUE, INCOME AND EXPENSES

#### Revenue, Income and Expenses from Continuing Operations

	<i>Consolidated</i>	
	<i>December 2008</i>	<i>December 2007</i>
	\$	\$
<i>Other income</i>		
Proceeds from sale of investments	-	160,019
Interest	4,877	5,872
Other	-	14,877
Total other income	<u>4,877</u>	<u>180,768</u>
Included in Other expenses:		
Depreciation	4,536	4,371
Interest expense	47,662	-
Share based remuneration	139,991	-
Directors fees	45,000	-
Write-off loan to Mining House Inc	-	27,849
Credited as Expense:		
Net loss on disposal of investments	-	24,356

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**NOTE 5: CASH AND CASH EQUIVALENTS**

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	<i>Consolidated</i>	
	<i>December 2008</i>	<i>December 2007</i>
	\$	\$
<i>Cash at bank and in hand</i>	171,787	85,367
<i>Short term deposits</i>	16,248	17,142
<i>Total</i>	188,035	102,509

**NOTE 6: COMMITMENTS AND CONTINGENCIES**

At the date of this report, the Group has further tenement expenditure commitments of \$47,090 for the remainder of the 2008/2009 financial year.

Since the last annual reporting date, there have been no material changes to any contingent liabilities or contingent assets.

**NOTE 7: CONTRIBUTED EQUITY**

Ordinary shares (i)	9,308,285	9,297,285
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*(i) Ordinary shares*

Full paid ordinary shares carry one vote per share and carry the right to dividends.

<i>Movement in ordinary shares on issue</i>	<i>Number</i>	<i>\$</i>
At 1 January 2008	60,307,050	8,797,285
Issued during period	10,000,000	500,000
At 30 June 2008	70,307,050	9,297,285
 At 1 July 2008		
Issued during period	220,000	11,000
At 31 December 2008	70,527,050	9,308,285

**NOTE 8: FINANCIAL LIABILITIES**

During the period an amount of \$300,000 was advanced to the Group by a director related entity. The amount payable is non interest bearing through to 31 December 2008 and will be repayable out of proceeds from the next capital raising completed by the consolidated entity.

**NOTE 9: EVENTS AFTER THE BALANCE SHEET DATE**

At the time of writing this report there are no subsequent events of a material nature that require disclosure in this report.

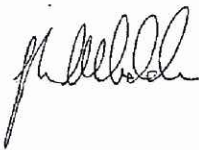
## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Segue Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - i. give a true and fair view of the financial position as at the 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
  - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Glenn Whiddon  
Chairman

Perth, 13th March 2009





Chartered Accountants  
& Business Advisers

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF SEGUE RESOURCES LTD**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Segue Resources Ltd, which comprises the condensed balance sheet as at 31 December 2008 and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Segue Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Segue Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



**PKF**  
Chartered Accountants



**Neil Smith**  
Partner

Dated at Perth, Western Australia this 13<sup>th</sup> day of March 2009