



segue

RESOURCES LTD

ABN 49 112 609 846

Annual Report 2014



# Corporate Directory

## Directors

Steven Michael    Managing Director  
Nicholas Ong      Non-Executive Director  
Frazer Tabcart    Non-Executive Director

## Company Secretary

Matthew Foy

## Registered Office

Office J, Level 2, 1139 Hay St  
West Perth WA 6005

Telephone: (08) 9486 4699

Facsimile: (08) 9486 4799

Email: info@segueresources.com

## Auditors

Pitcher Partners Corporate & Audit (WA) Pty Ltd  
Level 1  
914 Hay Street  
Perth WA 6000

## Bankers

National Australia Bank  
Level 1, 1238 Hay Street  
West Perth WA 6005

## Share Registry

Advanced Share Registry Service  
150 Stirling Highway  
Nedlands WA 6009

## Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd (**ASX**)

**ASX Code:**      SEG



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Dear Shareholder,

On behalf of your Directors, I am pleased to present Segue's 2014 Annual Report and Financial Statements.

The past 12 months have been transformational for the Company, as it "segued" from being a South African manganese explorer to one of the largest Fraser Range nickel-copper exploration companies. In an extremely busy and rewarding year, Segue successfully sold its interest in the Emang Manganese Project, repaid its external loans, completed a series of acquisitions at the Plumridge Nickel and Gold Project in the Fraser Range and raised \$4 million in equity – mainly from existing shareholders.

As announced last year, Segue entered into an agreement to sell its interest in the Emang Manganese Project to its project partner for R19.8 million (A\$2.1 million). The sale proceeds were received in August 2013 and after repaying its external loans, the Company received \$1.2 million in net cash. Segue also sold two of its Pardoo tenements (E45/2146 and E45/3464) to White Eagle Resources for cash and shares.

In October 2013, Segue announced that it had entered into various agreements to acquire over 3,500 square kilometres of tenements in the highly prospective Fraser Range Province of Western Australia. The tenements contain the Plumridge Nickel and Gold Projects and the Deralinya Project. The majority of the acquisition consideration was shares in Segue, thereby conserving the Company's cash for exploration.

Segue has commenced a systematic and rigorous exploration programme at the Plumridge Nickel Project, focussing on discovering the next massive nickel sulphide deposit, akin to Sirius Resources' world-class Nova-Bollinger nickel-copper deposits. The use of industry-leading consultants, Newexco and Omni GeoX, has enabled Segue to identify high priority targets for drilling over the next few months.

For the year ended 30 June 2014, Segue recorded a net loss of \$1,456,132 (FY13: loss of \$5,722,168) which includes a write down in the carrying value of the Pardoo Project (\$406,212). The Board of Segue believes that the Company is in a secure financial position and the value of its assets reflects the current marketplace for early stage exploration assets.

Segue's shareholder base has increased nearly 10-fold since the last Annual Report which is a strong endorsement of the Company's move into the Fraser Range. I thank the shareholders of Segue for their support over the past year, including overwhelming participation in the two Share Purchase Plans, which raised \$3.1 million in June and July 2014. The Company is now in a robust financial position as it embarks on a maiden deep drilling programme at the Plumridge Nickel Project.



Steven Michael

*Managing Director*

**Segue Resources Limited**



# Directors' Report

Your directors submit their report for the year ended 30 June 2014.

## DIRECTORS AND MANAGEMENT

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

Mr Steven Michael	Managing Director
Mr Nicholas Ong	Non-Executive Director
Dr Frazer Tabearth	Non-Executive Director (appointed 1 September 2014)
Mr Matthew Foy	Non-Executive Director (appointed 17 July 2013, resigned 1 September 2014)
Dr Howard Carr	Technical Director (appointed 16 September 2013, resigned 15 July 2014)
Mr Robert Van Zyl	Commercial Director (resigned 17 July 2013)



### Mr Steven Michael – Managing Director

Mr Michael has extensive experience in the global resources sector specialising in corporate finance and equity capital markets. He has over 15 years' experience in natural resources with RBC Capital Markets, Macquarie Bank and NM Rothschild & Sons.

Mr Michael holds a B.Com, is a Member of the Institute of Chartered Accountants in Australia and is a member of the Australian Institute of Company Directors.

*Other current directorships* - Nil.

*Former directorships in last 3 years* - Nil.



### Mr Nicholas Ong – Non-Executive Director

Mr Ong was a Principal Adviser at the ASX in Perth and brings ten years' experience in listing rules compliance and corporate governance to the board. Mr Ong was an active member of the ASX JORC Group and has overseen the admission of in excess of 100 companies to the official list of the ASX.

Mr Ong is a member of Governance Institute Australia and has a MBA from the University of Western Australia.

*Other current directorships*

Mr Ong is a -Executive Director of ASX-listed Excelsior Gold Limited and Non-Executive Director of Auroch Minerals NL, Minerals Corporation Limited and Fraser Range Metals Group Limited.

*Former directorships in last 3 years* - Nil.



### Dr Charles (Frazer) Tabearth – Non-Executive Director (appointed 1 September 2014)

Dr Tabearth is a graduate of the Royal School of Mines with a PhD and Honours in Mining Geology. He has over 25 years' experience in international exploration and mining projects, including 16 years with WMC Resources and 9 years with the Mitchell River Group of Companies. Whilst at WMC, Dr Tabearth managed Cu-Au and Ni-Cu exploration portfolios in the Philippines, Mongolia and southern Africa. At Mitchell River Group, Dr Tabearth has led African Energy Resources through the discovery and acquisition of several coal and uranium deposits in Botswana and Zambia, building a portfolio comprising 8.7 billion tonnes of thermal coal.

Dr Tabearth is a member of the Australian Institute of Geoscientists and a member of the Society of Economic Geologists.

*Other current directorships*

Dr Tabearth is currently Managing Director of African Energy Resources Limited, an ASX listed power development and generation company, Director of Mitchell River Group (a private project generation and development company) and principal of Geogen Consulting Pty Ltd, a consultant to the minerals industry.

*Former directorships in last 3 years*

Nil.



**Matthew Foy – Non-Executive Director (appointed 17 July 2013, resigned 1 September 2014) and Company Secretary**

Mr. Foy, previously a Senior Adviser at the ASX, has six years' experience in facilitating the compliance of listed companies. Mr. Foy is a qualified Chartered Secretary and has reviewed and approved the listing of over 40 companies during his tenure at the ASX. Mr. Foy is also Company Secretary of ASX-listed Stonehenge Metals Limited, SWW Energy Limited and Auroch Minerals NL.

Mr Foy is a member of Governance Institute Australia, has a Graduate Diploma (Applied Finance) from FINSIA and a B.Com from the University of Western Australia.

*Other current directorships*

Executive Director of SWW Energy Ltd.

*Former directorships in last 3 years*

Executive Director of Auroch Minerals Ltd. (resigned January 2013).



**Dr Howard Carr – Technical Director (appointed 16 September 2013; resigned 15 July 2014)**

Dr Carr is a mineral exploration geologist with extensive experience in gold, PGEs, nickel, iron ore, phosphate and tungsten projects in diverse geographies including Australia, South Africa, China and Burkina Faso. Dr Carr was awarded the Jubilee Medal from the South African Geological Society for his work on the Bushveld Complex in South Africa.

Dr Carr has a PhD in Economic Geology (UWA) and a Graduate Diploma of Management from the Australian Institute of Management.

*Other current directorships*

Dr Carr is a Non-Executive Director of ASX-listed Mintails Ltd.

*Former directorships in last 3 years*

Non-Executive Director of Maudore Minerals Ltd. (resigned June 2013) and Managing Director of Vital Metals Ltd (resigned April 2011).

**Auditor**

Mr Paul Mulligan is the signing partner for Segue Resources Limited. Mr Mulligan is an Executive Director of Pitcher Partners Corporate & Audit (WA) Pty Ltd who continue in office in accordance with Section 327 of the Corporations Act 2001.

**Principal Activities**

The principal activities of the Company during the year were mineral exploration, identification of potential mining assets for acquisition and development, and raising capital to fund those opportunities.

There were no significant changes in the nature of the Company's principal activities during the year.

# Directors' Report

## PLUMRIDGE NICKEL PROJECT, WESTERN AUSTRALIA

In October 2013, Segue entered into various agreements to acquire three private companies which owned a 100% interest in over 2,700km<sup>2</sup> and a farm-in joint venture over an additional 800km<sup>2</sup> of exploration tenements (**Plumridge Gold JV**) in the Fraser Range Province of Western Australia. The tenements covered the Plumridge Nickel and Gold Projects in the northern portion of the Fraser Range and the Deralinya Project in the south. Segue's consideration for the acquisition was \$200,000 in cash and 550 million Segue shares (51% of the Company's diluted share capital).

Under the Plumridge Gold JV (with International Goldfields Limited), Segue could earn a 60% in four tenements through the expenditure of \$1 million by 31 January 2015. Prior to commencing the earn-in, Segue renegotiated the joint venture and acquired a 100% interest in the tenements through the payment of \$300,000 in cash and 50 million Segue shares to International Goldfields in July 2014.

In March 2014, Segue entered into the Plumridge East JV with Fraser Range Metals Group Limited over two exploration tenements covering 641km<sup>2</sup> immediately adjacent to Segue's existing Plumridge exploration tenements. Segue paid \$100,000 in cash and issued 100 million Segue shares to Fraser Range Metals Group for the right to earn up to 80% in the joint venture through the expenditure of \$500,000 over two years.

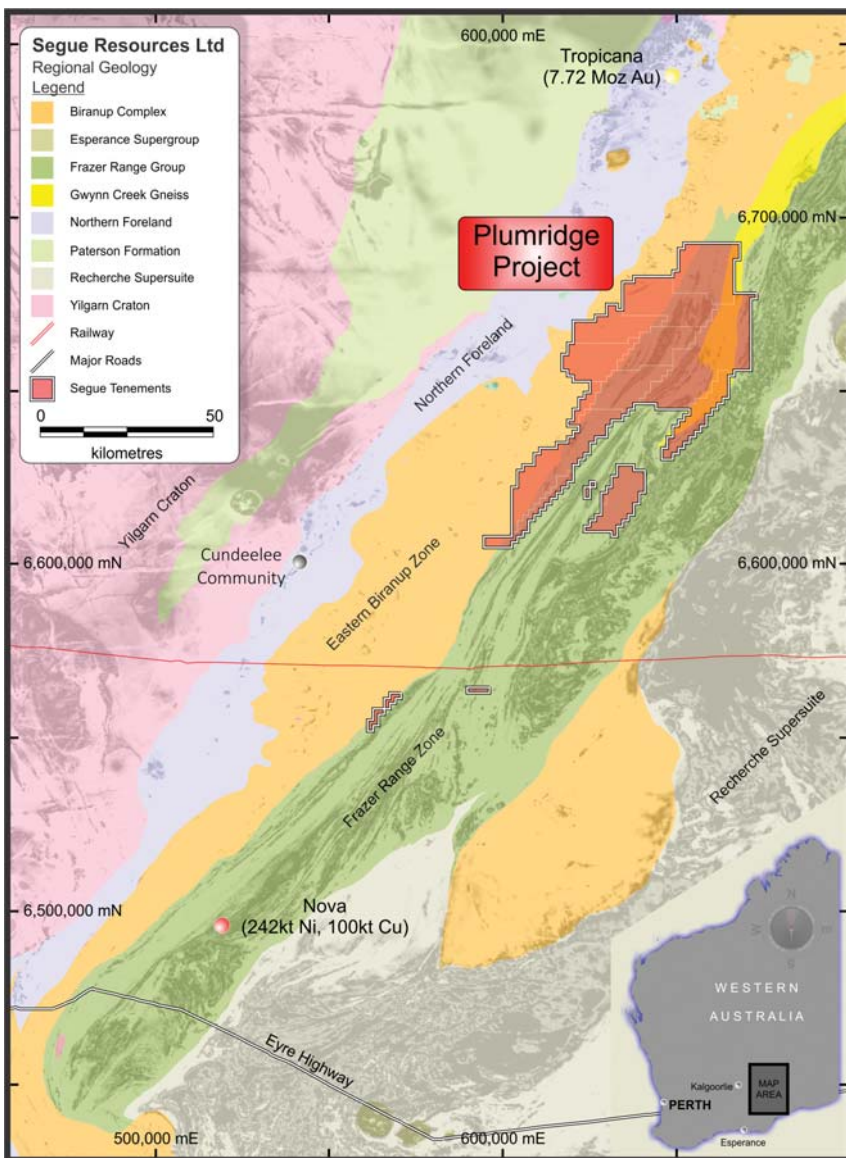


Figure 1 – Plumridge Project Location Map

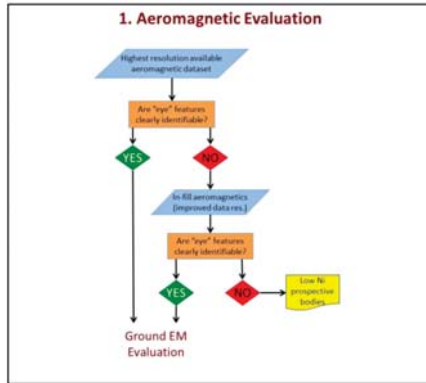
Segue also acquired a 100% interest in 10 exploration licence applications covering 740km<sup>2</sup> from Fraser Range Metals Group for 25 million Segue shares and reimbursement of tenement application fees and rents for any successful tenement applications. Subsequent to year end, Segue was successful in four of ten tenement applications totalling approximately 120km<sup>2</sup>.

### Exploration Strategy

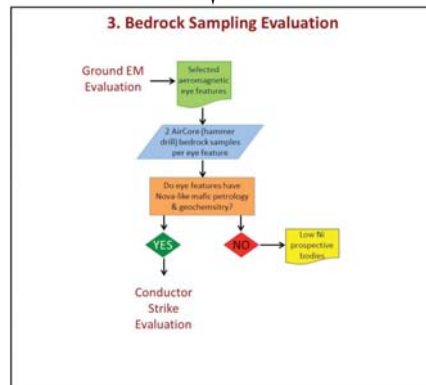
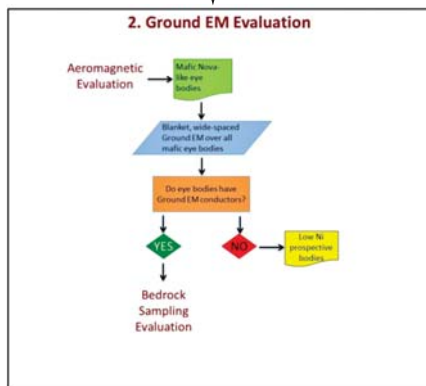
A large portion of the Plumridge Nickel and Gold Project ground had previously been explored by International Goldfields and others for gold, with the discovery of several prospects, including Corvette, Mustang, Stingray and Camaro. Exploration for gold was largely focussed on the Eastern Biranup Zone on the north-western portion of the Plumridge tenements with around 95% of the drilling data in this zone.

Segue acquired the Plumridge Project primarily to explore for nickel-copper sulphide deposits, akin to Sirius Resources' world-class Nova-Bollinger deposits. Given the extent of transported cover overlying the prospective geology at the Plumridge Project, Segue has developed a multi-phase exploration strategy employing geophysics and shallow drilling to identify areas of potential magmatic sulphides (Figure 2).

Phase 1 Exploration



Phase 2 Exploration



Phase 3 Exploration

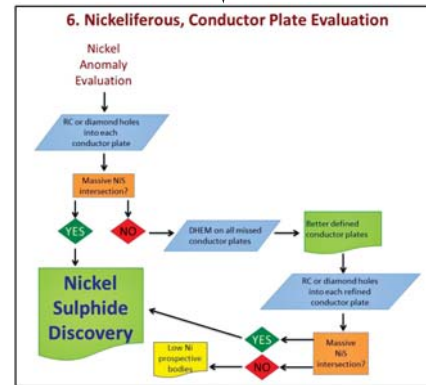
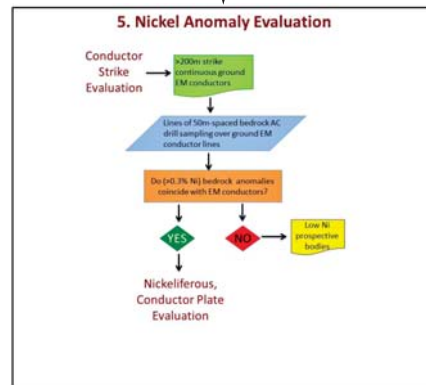
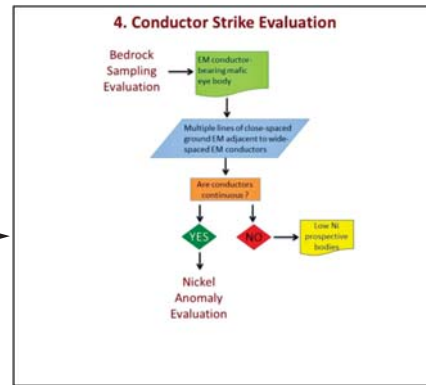


Figure 2 – Plumridge Nickel Exploration Process Flow Diagram

# Directors' Report

The acquisition of the Plumridge Project included an extensive high resolution aeromagnetic survey, which was reprocessed and interpreted by Segue's geophysical consultants, Newexco Services Pty Ltd, to highlight magnetic features with similarities to the Nova "Eye" which contains the Nova-Bollinger deposits. Newexco and Segue selected 16 targets and Moving Loop Ground Electromagnetic (MLEM) surveys were completed over each target.

The MLEM survey was one of the largest conducted in the Fraser Range Province and identified several bedrock conductors which may signify the presence of a massive nickel-copper sulphide deposit. After the end of the financial year, Segue completed a first pass aircore drilling programme (48 holes for 2,162 metres) over several of the identified conductors to provide a better understanding of bedrock geology and litho geochemistry. Several aircore holes intersected coarse grained, gabbroic mafic intrusive rocks which have been interpreted to be similar to the suite of intrusive rocks that host the Nova-Bollinger nickel deposits.

Segue received approval from the WA Department of Mines and Petroleum (DMP) for its maiden diamond and reverse circulation (RC) drilling programme at the E21 Target in September 2014. The programme is designed to test four bedrock electromagnetic (EM) conductors (C1-4) located around the northern edge of an interpreted intrusive complex (E21 Target) which lies within tenement E39/1731 (Figure 4).

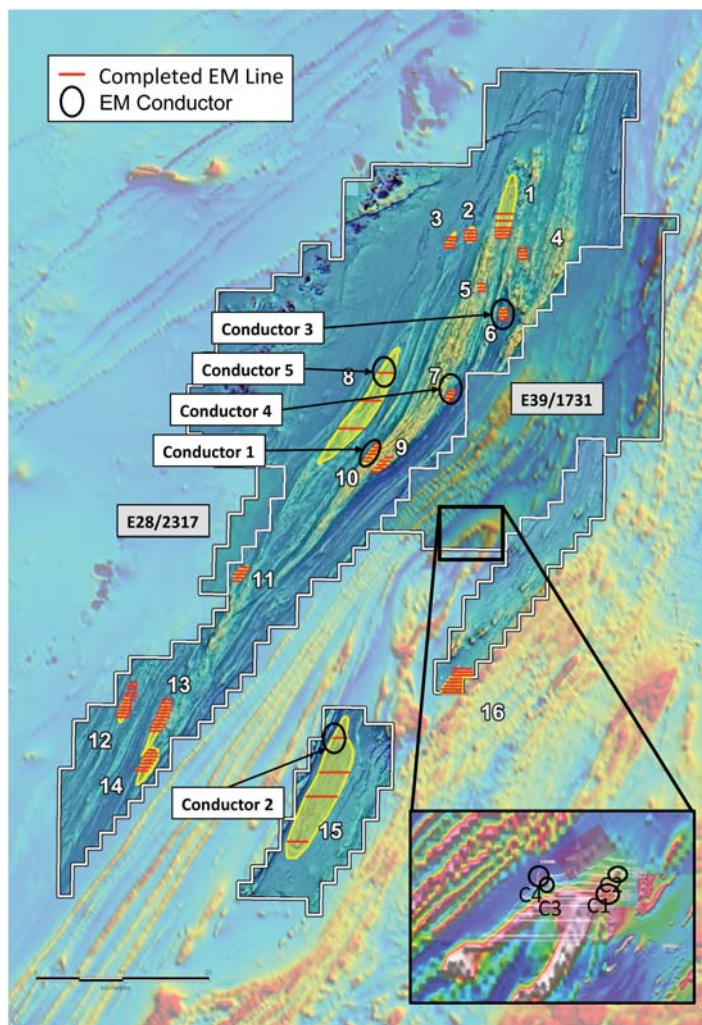


Figure 3 – "Eye" Targets with Ground MLEM Lines and Identified Conductors

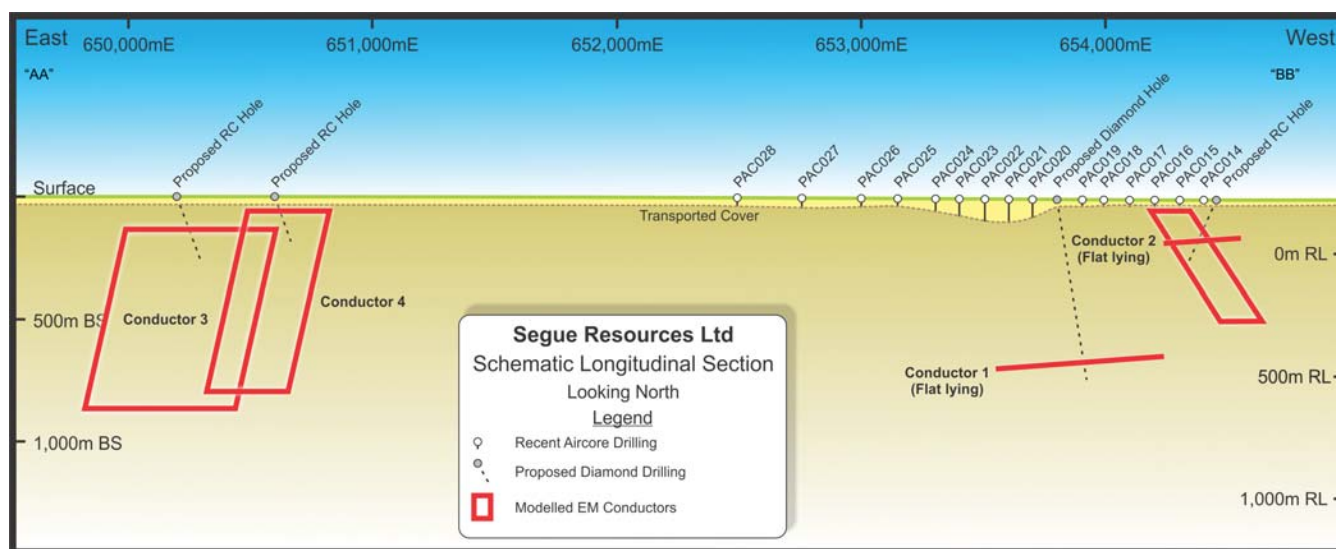


Figure 4 – Long Section through E21 showing conductor plates and proposed drill holes



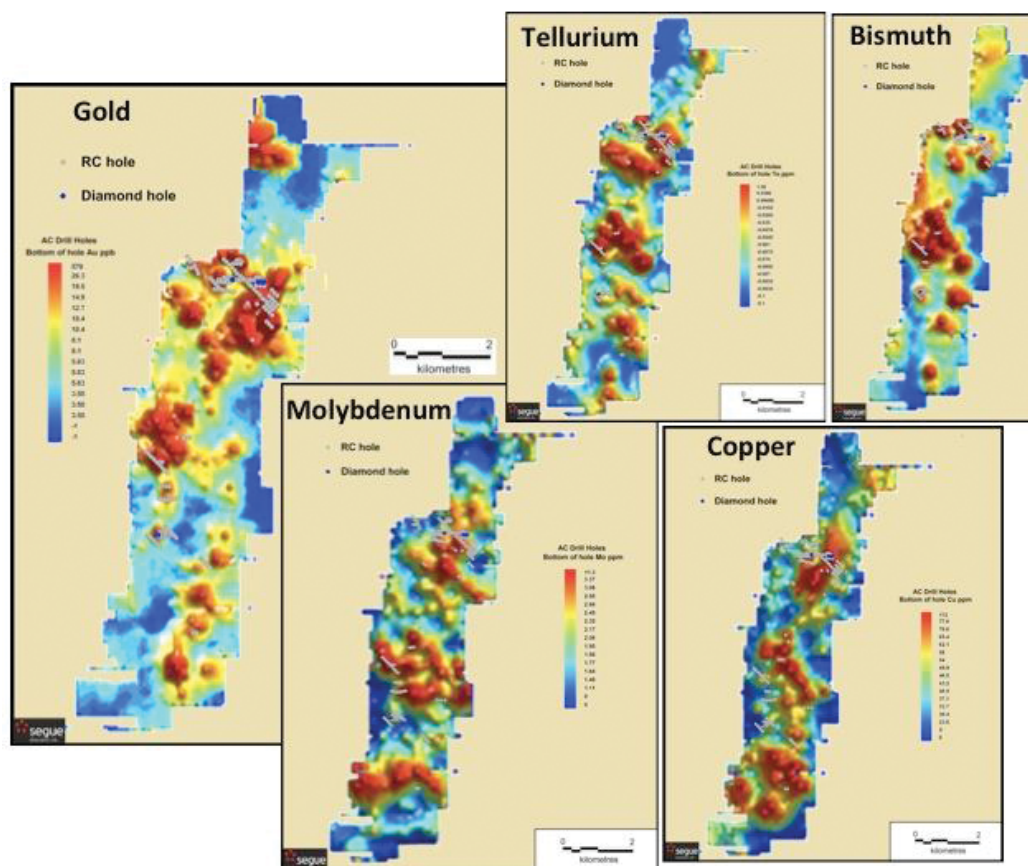


Figure 5 – Bedrock geochemistry maps for the Plumridge gold project

## PLUMRIDGE GOLD PROJECT, WESTERN AUSTRALIA

The Plumridge Gold Project lies approximately 60 kilometres southwest of the +5 million ounce Tropicana Gold Project, in the Fraser Range Province of Western Australia. Gold mineralisation at the Plumridge Gold Project was discovered in 2007 by Corvette Resources Limited (formerly Mineral Sands Limited). From 2007 to 2012, around 20,000m of aircore drilling identified a 12 kilometre NNE-SSW trending zone of semi-continuous bedrock gold at over 0.1g/t, and coincident pathfinder element geochemistry (Figure 5).

Aircore drill intersections up to 4.34g/t Au were reported within the Corvette prospect and follow-up RC drilling confirmed the presence of discrete zones of high grade, supergene and bedrock gold mineralisation. The great majority of percussion drilling was either vertical or angled towards the west, across the strong NNE-trending ductile shear zones.

In 2011 five diamond drill holes were completed adjacent to a selection of the best RC intersections. The oriented core was assayed and detailed structural and petrological analysis was undertaken. This study determined that high grade intersections contain free gold associated with pyrite, chalcopyrite and bismuth-tellurides, hosted by narrow, albite-dominated sub-vertical, veins striking ENE-WSW.

Segue has completed a new interpretation of the structural setting of Corvette/Plumridge gold mineralisation, based upon the identification of brittle ENE-trending high grade gold veins and re-interpretation of the 100 metre line-spaced aeromagnetic data. The new structural interpretation highlights the potential of the Corvette Prospect and greater Plumridge Gold Project to host a major system of high grade gold veins between identified, multiple, parallel ductile shear zones. The distribution (density and extent) of such veins, will strongly impact the economics of exploiting such a system.

# Directors' Report

## DERALINYA PROJECT, WESTERN AUSTRALIA

Segue has a 100% interest in the Deralinya Project which comprises four exploration licenses totalling 1,298km<sup>2</sup> in the southern Fraser Range. The Deralinya Project straddles the Proterozoic and Archaean stratigraphy across a major crustal suture which separates the Albany-Fraser Orogen from the Yilgarn Craton. The Deralinya Project tenements are prospective for a range of base metal and precious metals, ranging from Archaean greenstone-hosted gold and base metal mineralisation to Proterozoic Tropicana-style gold mineralisation and also uranium, lignite and mineral sands hosted in the younger cover sequences.

No field work was conducted at Deralinya during the financial year.



Figure 7 – Location of Pardoo Tenements

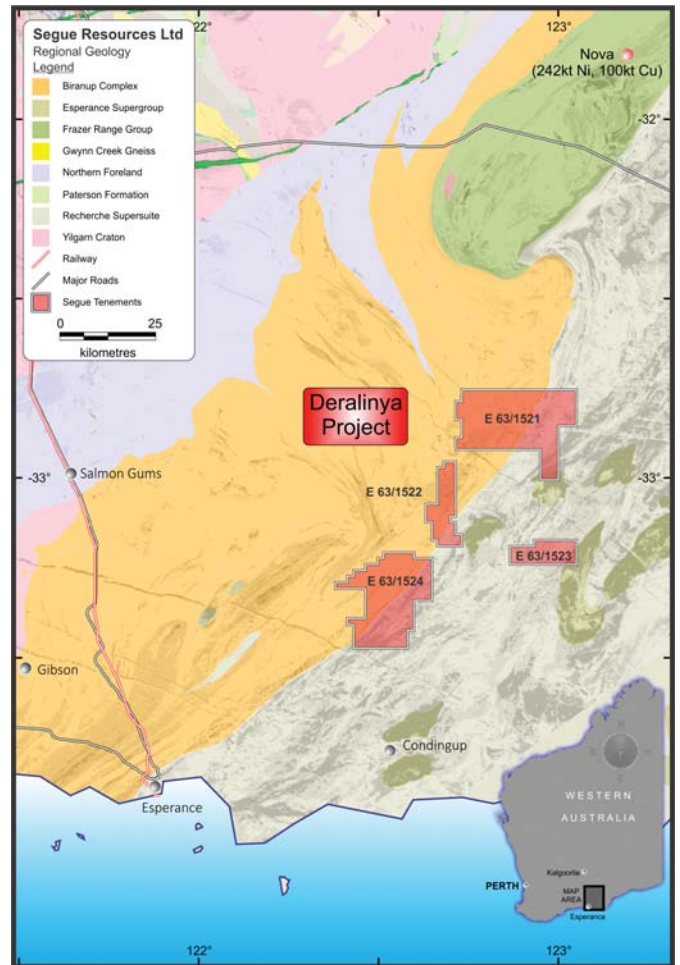


Figure 6 – Location of Deralinya Tenements

## PARDOO PROJECT, WESTERN AUSTRALIA

Segue has a 100% interest in the Pardoo Project, which consists of two contiguous exploration licenses covering 115km<sup>2</sup> and one exploration licence application (217km<sup>2</sup>) located on the Great Northern Highway, approximately 120 kilometres east-northeast of Port Hedland in the Pilbara region of Western Australia. The Pardoo Project is prospective for nickel-copper and iron ore.

The Pardoo Nickel Project is highly prospective for nickel sulphide mineralisation. Snowden Mining Industry Consultants Ltd prepared an updated resource estimate for the Highway deposit during early 2010. The total Mineral Resource at Highway is 50 million tonnes grading 0.30% nickel, 0.13% copper and 0.03% cobalt, reported above a 0.1% nickel cut-off grade. Snowden has classified the resource in its entirety as an Inferred Resource.

**Table 1 – Pardoo Nickel Project Inferred Resource**

	Mt	Ni%	Cu%	Co%	S%
Weathered	5.5	0.25	0.18	0.03	0.10
Fresh	44.5	0.31	0.12	0.03	2.96
<b>Total Inferred Resource</b>	<b>50.0</b>	<b>0.03</b>	<b>0.13</b>	<b>0.03</b>	<b>2.65</b>

1. Cut-off grade for the Highway Nickel Resource is 0.1% Ni.



During the year, Segue sold two of its Pardoo tenements (E45/2146 and E45/3464) to White Eagle Resources Limited, with Segue retaining the tenements which contain the Highway nickel-copper deposit.

No exploration work was carried out on the Pardoo Project during the year.

## Governance Arrangements and Internal Controls

The Company has ensured that the mineral resource estimates quoted above are subject to governance arrangements and internal controls. A summary of these are outlined below.

The report of mineral resources is reported as one development property and includes Nickel, Copper, Cobalt and Sulphur in one deposit. The mineral resource at the Pardoo Project is reported in accordance with JORC 2004 and will be progressively updated to the JORC 2012 standard as development priorities dictate.

Audit of the estimation of mineral resources is addressed as part of the annual internal audit plan approved by the Board in its capacity as the audit and risk management committee. Specific audit of the mineral resources was performed in 2011 and this audit was managed by Segue and its external technical experts.

In addition to routine internal audit, the Board monitors the mineral resource status and approves the final outcome. The annual mineral resource update is a prescribed activity within the annual corporate planning calendar that includes a schedule of regular executive engagement meetings to approve assumptions and guide the overall process.

The mineral resource estimation processes followed internally are well established and are subject to systematic internal and external peer review. Independent technical reviews and audits are undertaken on an as-needs basis as a product of risk assessment.

## EMANG MANGANESE PROJECT, SOUTH AFRICA

On 30 April 2013 Segue announced that it had agreed to sell its interest in the Emang Manganese Project to its joint venture partner, Emang Mmogo Mining Resources, for total consideration of R19.8 million (A\$2.13 million). Segue shareholders approved the transaction on 24 July 2013 and proceeds were received in full on 5 August 2013.

Segue retains no interest in the Emang Manganese Project.

### Competent Persons Statement

The information in this report that relates to Exploration Results & Mineral Resources is based on information compiled by Mr Peter Langworthy who is a Member of The Australian Institute of Geoscientists.

Mr Langworthy has more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Langworthy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Directors' Report

## CORPORATE

During the year the Company had the following changes to its issued capital:

- On 13 December 2013 Segue issued 550,000,000 shares were issued for the Plumridge tenement acquisitions;
- On 3 February 2014 Segue issued 150,000,000 ordinary shares at \$0.006 to raise \$900,000 together with 75,000,000 options exercisable at \$0.018 on or before 31 January 2016;
- On 12 February 2014 Segue issued 21,499,999 ordinary shares and 1,500,000 options exercisable at \$0.018 on or before 31 January 2016 in consideration for consultant geological, marketing, research and investor relations services;
- On 17 April 2014 Segue issued 165,000,000 ordinary shares pursuant to the Segue Employee Share Plan following shareholder approval on 17 April 2014;
- In April 2014 Segue issued 175,000,000 shares in consideration for the acquisition and farm-in of tenements in the Fraser Range, Western Australia;
- On 17 June 2014 Segue issued 66,666,667 shares at \$0.0075 per share to raise \$500,000 to Acorn Capital Limited in connection with partial underwriting of Segue's first Share Purchase Plan;
- On 24 June 2014 Segue issued 78,533,285 ordinary shares at \$0.0075 per share to raise \$589,902 under the Company's first Share Purchase Plan; and
- On 24 September 2013 the Company bought back and cancelled 10,750,000 ordinary shares pursuant to an Employee Share Scheme buy back.

## BOARD CHANGES

Following the sale of Segue's interest in the Emang Project, Mr Robert van Zyl resigned as Non-Executive Director on 17 July 2013 and Mr Matthew Foy was appointed as Non-Executive Director.

Dr Howard Carr joined the Board on 16 September 2013 as Technical Director and subsequently resigned to pursue other interests on 15 July 2014.

Subsequent to the year on 1 September 2014 Segue advised that Mr Matthew Foy had stepped down from the Board and Dr Frazer Tabearth had been appointed as Non-Executive Director of the Company. Dr Tabearth is a geologist with 25 years' global exploration and resource development experience. Dr. Tabearth is currently Managing Director of African Energy Resources Limited, an ASX listed power development and generation company, Director of Mitchell River Group (a private project generation and development company) and principal of Geogen Consulting Pty Ltd, a consultant to the minerals industry.

## REVIEW AND RESULTS OF OPERATIONS

The principal activities of the Company and its subsidiaries during the year were mineral exploration. The net loss for the year ended 30 June 2014 was \$1,456,132 (2013: (\$5,772,168)) the net loss included the following items:

- Impaired exploration and evaluation expenditure of \$406,212 (2013: \$4,366,610); and
- Non-executive director's fees excluding share based payments of \$27,645 (2013: \$144,000).

On 24 July 2013, the shareholders of the Company approved the sale of Company's 30% interest in Emang Manganese Project in South Africa for a cash consideration of ZAR 19.8 million (\$2,136,460). The sale has been concluded and settled on 5 August 2013.

The Group has settled its obligations towards the borrowings from Hemisphere Investment Partners Pty Ltd and Glenn Ross Whiddon. The proceeds from the sale of Emang Manganese Project were applied for settlement of these borrowings.

In August 2013, the Group entered into agreement to sell two exploration permits in the Pardoo Project, Western Australia to White Eagle Resources Limited for a cash consideration of \$20,000.

In July 2013, the Group sold 15 million shares in White Eagle Resources Limited to Glenn Ross Whiddon for a cash consideration of \$15,000. This has reduced the Group's holding in White Eagle Resources Limited from 15.26% to 2.83%.

### *Summary of Financial Position*

At 30 June 2014 the Group's cash reserves were \$738,685 (2013: \$34,858). The increase in cash was due to net cash used in operating activities of (\$729,967) (2012: (\$947,420)), net cash used in investing activities of \$498,624 (2013: (\$124,643)), and net cash from financing activities of \$935,170 (2013: \$873,567). Net assets of the Group as at 30 June 2014 were \$5,171,745 (2013: \$1,675,688).

### **Significant Changes in the State of Affairs**

There were no changes in the state of affairs of the Group other than those referred to elsewhere in this report or the financial statements or notes thereto.

### **Significant Events after Balance Date**

On 30 June 2014 the Company announced a Share Purchase Plan to raise up to \$2.0 million at 0.8¢ per share. The Plan closed on Friday, 18 July heavily oversubscribed with applications for 369.25 million shares totalling \$3.0 million which had to be scaled back.

On 10 July, the Company advised that it had completed the acquisition of a 100% interest in four exploration tenements at the Plumridge Nickel and Gold Project in the Fraser Range Province of Western Australia from International Goldfields Limited.

Subsequent to the Period on 24 July 2014 Segue issued 250,000,000 ordinary shares at 0.8¢ per share to raise \$2 million under the Company's second Share purchase Plan.

On 28 July 2014 Segue announced the establishment of a share sale facility for holders of unmarketable parcels of Segue shares. Segue offered the facility to assist shareholders of unmarketable parcels to sell their Segue shares without having to use a broker or incur brokerage costs. The share sale facility closed on 8 September 2014 and 4,208,898 ordinary shares representing 1,927 shareholders were transferred back to the Company ready for sale.

On 19 September 2014 the Company issued 9,500,000 ordinary shares at 1.25¢ per share to the Company's consultants.

Other than the above and as disclosed elsewhere within this report, there were no other subsequent events after the reporting date.

### **Environmental Regulation**

The Company is subject to and compliant with all aspects of environmental regulation of its exploration activities. The Directors are not aware of any environmental law that is not being complied with.

### **Future Developments**

The Group will continue to explore its Plumridge Nickel and Gold Projects in the Fraser Range region of Western Australia.

The Group will continue to review and evaluate its interest in the Deralinya and Pardoo Projects in Western Australia; and

The Group continues to review new project venture opportunities which are consistent with its strategy to become a diversified minerals explorer.

### **Dividends**

No dividend has been paid since the end of the financial period and no dividend is recommended for the current year.

### **Proceedings on Behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

# Directors' Report

## REMUNERATION REPORT (Audited)

Remuneration of directors and executives is referred to as compensation throughout this report. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company including directors of the Company and other executives. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

The following were key management personnel of the Company at any time during the previous and current financial year and have been in office for the entire period unless indicated otherwise:

Mr Steven Michael	Managing Director
Mr Nicholas Ong	Non-executive Director
Mr Matthew Foy	Company Secretary Non-executive Director (appointed 17/07/2013; resigned 01/09/2014)
Dr Howard Carr	Technical Director (appointed 16/09/2013; resigned 15/07/2014)
Mr Robert van Zyl	Executive Director (resigned 17/07/2013)

Compensation levels for directors and key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The Board is responsible for compensation policies and practices. The Board, where appropriate, seeks independent advice on remuneration policies and practices, including compensation packages and terms of employment.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company.

A remuneration consultant has not been employed by the Company to provide recommendations in respect of remuneration, given the size of the Group and its current structure.

### **Non-Executive Directors**

Total remuneration for all Non-Executive Directors, is not to exceed \$250,000 per annum as approved by shareholders. This does not include Consulting Fees.

Non-executive directors, received a fixed fee for their services of \$12,000 per annum (excl. GST) up to 30 June 2014 for services performed. As of 1 July 2014 the Non-executive director fees increased to \$24,000 per annum (excl. GST).

There is no direct link between remuneration paid to any non-executive directors and corporate performance. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

### **Fixed Compensation**

Fixed compensation consists of base compensation and includes statutory superannuation.

## Share Based Remuneration

### Options

No Options were granted to directors during the financial year.

Details of options over ordinary shares in the Company provided as remuneration to each director of Segue as at the date of this report is set out below. When exercisable, each option is convertible into one ordinary share of Segue.

2014	Opening balance of Options	Granted during the year	Lapsed during the Year	Closing Balance of options
<b>Directors</b>				
S. Michael	11,800,000	-	-	11,800,000
N. Ong	-	-	-	-
M. Foy (appointed 17/07/2013; resigned 01/09/2014)	-	-	-	-

2013	Opening balance of Options	Granted during the year	Lapsed during the Year	Closing Balance of options
<b>Directors</b>				
S. Michael	11,800,000	-	-	11,800,000
N. Ong	-	-	-	-
M. Foy	-	-	-	-

### Shares

On 17 April 2014, shareholder approval was received for the adoption of an employee incentive scheme, known as the Employee Share Plan (ESP).

The objective of the ESP is to attract directors with suitable qualifications, skills and experience to plan, carry out and evaluate the Company' Strategy and to motivate and retain those directors. A full summary of the ESP was set out in the Notice of General Meeting dated 18 March 2014.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares. The term of each loan will be 3 years from the date of issue of the Shares, subject to earlier repayment in accordance with the terms of the Plan (e.g. ceasing to be an employee of the Company or an event of insolvency).

The Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

See Note 19 Share Based Payments for further details.

# Directors' Report

## ESP Terms and Conditions

Participants in the ESP may be directors of the Company or any of its subsidiaries or any other related body corporate of the Company.

**Issue price:** the issue price of each Share will be not less the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of issue of the Shares offered under the Plan, or such other price as the Board determines

**Restriction Conditions:** Shares may be subject to restriction conditions relating to milestones (such as a period of employment) or escrow restrictions that must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

**Extension of Escrow Condition:** If an Eligible Participant ceases to be an Eligible Participant as a result of an occurrence other than certain bad leaver occurrences prior to the satisfaction of all Restriction Conditions, the escrow restriction applied under the Escrow Condition in relation to the Plan Shares held by the Participant will be extended by 6 months.

Where a Milestone Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company may, unless the Milestone Condition is waived by the Board, either:

- (i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted;
- (ii) cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted; or
- (iii) in the event that such a buy-back or cancellation of Shares cannot occur, require the Participant to sell the Shares as soon as reasonably practicable either on the ASX and give the Company the sale proceeds (**Sale Proceeds**), which the Company will apply in the following priority:
  - (A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
  - (B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and
  - (C) lastly, any remainder to the Company to cover its costs of managing the Plan.

**Restriction on transfer:** Other than as specified in the Plan, Participants may not sell or otherwise deal with a Share until the Loan Amount in respect of that Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction

The following equity shares, subject to escrow and milestone conditions as noted below were granted to the KMPs during the year: 165 million (2013:NIL):

	2014	2013
S Michael	75,000,000	-
M Foy	7,500,000	-
N Ong	7,500,000	-
H Carr	75,000,000	-
	<hr/> <b>165,000,000</b> <hr/>	-



The Shares to be issued to each of Mr Michael and Dr Carr will remain restricted until the later of the satisfaction of Milestones 1 - 8 and the completion of the voluntary escrow period set out in the table below.

The Shares to be issued to each Messrs Ong & Foy will remain restricted until the later of the satisfaction of Milestones 2 - 4 and 6 - 8 and the completion of the voluntary escrow period set out in the table below.

Following the resignation of Dr Carr on 15 July 2014, he is no longer eligible to receive shares associated with Milestones 5 to 8, which total 25 million shares.

<b>Milestone</b>	<b>Number of Shares</b>	<b>Completion of voluntary escrow</b>
Identification of 3 ground EM bedrock conductor targets by no later than 31 December 2015 ( <b>Milestone 1</b> )	20 million	31 December 2014
Completion of an acquisition or farm-in agreement in respect of at least 500km <sup>2</sup> of tenements in the Fraser Range or Eastern Biranup Complex by no later than 30 June 2014 ( <b>Milestone 2</b> )	34 million	31 December 2014
Completion of capital raising/s totalling \$4 million, at an average price of at least \$0.007 per Share by no later than 31 December 2014 ( <b>Milestone 3</b> )	24 million	30 June 2015
Market capitalisation of the Company being at least \$20 million for 20 consecutive trading days by no later than 30 June 2015 ( <b>Milestone 4</b> )	34 million	31 December 2015
Milestone 1 achieved and the Eligible Participant is a director of the Company at 31 December 2015 ( <b>Milestone 5</b> )	10 million	Nil
Milestone 2 achieved and the Eligible Participant is a director of the Company at 31 December 2015 ( <b>Milestone 6</b> )	16 million	Nil
Milestone 3 achieved and the Eligible Participant is a director of the Company at 30 June 2016 ( <b>Milestone 7</b> )	11 million	Nil
Milestone 4 achieved and the Eligible Participant is a director of the Company at 30 June 2016 ( <b>Milestone 8</b> )	16 million	Nil
	<b>165 million</b>	

## Service Agreements

As at the date of this report, the Company had service agreements with the following executives:

### Steven Michael

Commencement on 1 September 2012 with no set term.

If the Company wishes to terminate the contact, other than if Mr Michael commits any act of serious misconduct, the Company is obliged to give 3 months written notice or pay out 3 months of Annual Salary and pay a termination payment equivalent of 3 months annual salary.

If Mr Michael wishes to terminate the contact he must provide 3 months' notice.

# Directors' Report

## Remuneration

Details of the remuneration of the Key Management Personnel of Segue are set out in the following table. Currently, directors are responsible for the management of the Company.

30 June 2014	Short term benefits	Post employment benefits	Share based payments		Total	Proportion of incentives
	Salary & fees	Superannuation	Equity Shares <sup>1</sup>	Options		
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
S Michael	250,000	23,125	85,463	-	358,588	24%
N Ong <sup>2</sup>	11,645	-	11,460	-	23,105	50%
M Foy <sup>2,3</sup>	54,000	-	11,460	-	65,460	18%
H Carr <sup>4</sup>	155,129	14,349	85,463	-	254,941	34%
R van Zyl <sup>5</sup>	6,000	-	-	-	6,000	0%
	<b>476,774</b>	<b>37,474</b>	<b>193,846</b>	<b>-</b>	<b>708,094</b>	<b>27%</b>
<b>30 June 2013</b>						
<b>Directors</b>						
S Michael	249,999	22,500	-	-	272,499	0%
I Benning	36,000	-	-	-	36,000	0%
N Ong	36,000	-	-	-	36,000	0%
R van Zyl	66,000	-	-	-	66,000	0%
	<b>387,999</b>	<b>22,500</b>	<b>-</b>	<b>-</b>	<b>410,499</b>	<b>0%</b>
<b>Executives</b>						
M Foy	22,500	-	-	-	22,500	0%
	<b>22,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,500</b>	<b>0%</b>
<b>Total</b>	<b>410,499</b>	<b>22,500</b>	<b>-</b>	<b>-</b>	<b>432,999</b>	<b>0%</b>

1. Messrs Michael, Ong, Foy & Carr participated in the ESP. See Note 19 Share Based Payments for further details.
2. Fees for Directors and company secretarial services were paid to Minerva Corporate Pty Ltd, a related entity of Messrs Foy & Ong.
3. Appointed 17/07/2013; resigned 01/09/2014
4. Appointed 16/09/2013; resigned 15/07/2014
5. Resigned 15/07/2014

## Other Financial Information

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2014:

	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$
Revenue	14,330	5,842	39,195	25,080	14,267
Net loss before tax	1,456,132	5,772,168	5,852,656	611,950	892,565
Net loss after tax	1,456,132	5,772,168	5,852,656	611,950	892,565
Share price at start of year	0.002	0.01	0.04	0.02	0.01
Share price at end of year	0.01	0.002	0.01	0.04	0.02
Basic loss per share (cents)	0.19	0.52	1.27	25.5	57.9
Diluted loss per share (cents)	0.20	0.52	1.27	25.5	57.9

## Adoption of Remuneration Report by Shareholders

The adoption of the Remuneration Report for the financial year ended 30 June 2013 was put to the shareholders of the Company at the Annual General Meeting held 29 November 2013. 99.42% of proxies were in favour of the resolution and was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

*End of Remuneration Report*

## Directors' Interests in the Shares and Options of the Company

As at the date of this report, the relevant direct and indirect interest of each director in the shares and options of Segue Resources Limited were:

	<b>Ordinary shares</b> <b>Nos.</b>	<b>Share options</b> <b>Nos.</b>
Mr Steven Michael	89,050,000	11,800,000
Mr Nicholas Ong	10,250,000	-
Dr Frazer Tabearat	-	-

## Shares Under Options

As at 30 June 2014 there were 11,800,000 options to take up ordinary shares in the Company held by Directors.

No options were exercised during the 2014 financial year and no shares have been issued from the exercise of options since year-end to the date of this report. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. The names of all holders of options are entered into the Company's register, inspection of which may be made free of charge.

## Meetings of Directors

The following directors' meetings (including meetings of committees of directors) were held during the year and the number of meetings attended by each of the directors during the year were:

<b>2014</b>	<b>Directors' meetings eligible to attend</b>	<b>Directors' meetings attended</b>
<b>Directors</b>		
Steven Michael	5	5
Howard Carr (appointed 16/09/2013; resigned 15/07/2014)	2	2
Robert Van Zyl (resigned 17 July 2013)	1	1
Nicholas Ong	5	5
Matthew Foy (appointed 17 July 2013; resigned 01/09/2014)	4	4

# Directors' Report

## **Officers' Indemnities and Insurance**

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

The Company nor any of its related bodies corporate have provided any insurance for any auditor of the Company or a related body corporate.

## **Non-Audit Services**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amount paid or payable to the auditor (Pitcher Partners Corporate & Audit (WA) Pty Ltd) or its associates for the audit and non-audit services provided during the year are set out in Note 3.

## **AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration from our auditors which is included on page 27.

Signed in accordance with a resolution of the directors



**Steven Michael**  
**Managing Director**

Perth, 30 September 2014

The Board of Directors of Segue Resources Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Segue Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Segue Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2014 and were fully compliant with the ASX Governing Council's (Council) best practice recommendations, unless otherwise stated.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. The Board continues to review its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the Company's size and resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The table below is available on the Company's website and summarises the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
<b>Principle 2</b>	<b>Structure the board to add value</b>		
2.1	A majority of the board should be independent directors.	2(b), 2(e)	Yes
2.2	The chair should be an independent director.	2(c), 2(e)	N/A
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	N/A
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
<b>Principle 3</b>	<b>Promote ethical and responsible decision-making</b>		
3.1	Establish a code of conduct and disclose the code or a summary as to: the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	3(a) 3(a) 3(a) 3(a)	Yes Yes Yes Yes
3.2	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 measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	3(b)	Yes
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	3(b)	No

# Corporate Governance Statement

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	3(b)	Yes
3.5	Provide the information indicated in the Guide to reporting on principle 3.	3(a)	Yes
<b>Principle 4</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	The Board should establish an audit committee.	4(a)	No
4.2	The audit committee should be structured so that it:		
	consists only of non-executive directors;	4(a)	No
	consists of a majority of independent directors;	4(a)	No
	is chaired by an independent chair, who is not chair of the Board; and	4(a)	No
	has at least three members.	4(a)	No
4.3	The audit committee should have a formal charter	4(a)	No
4.4	Provide the information indicated in the Guide to reporting on principle 4.	4(a)	Yes
<b>Principle 5</b>	<b>Make timely and balanced disclosure</b>		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
<b>Principle 6</b>	<b>Respect the rights of shareholders</b>		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
<b>Principle 7</b>	<b>Recognise and manage risk</b>		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
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.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had 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.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
<b>Principle 8</b>	<b>Remunerate fairly and responsibly</b>		
8.1	The Board should establish a remuneration committee.	4(b)	No
8.2	The remuneration committee should be structured so that it:		
	Consists of a majority of independent directors;	4(b)	No
	Is chaired by an independent chair; and	4(b)	No
	Has at least three members	4(b)	No
8.3	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	4(b), Remuneration Report	Yes
8.4	Provide the information indicated in the Guide to reporting on principle 8.	4(b)	Yes

## THE BOARD OF DIRECTORS

### 2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct and legal and regulatory compliance;
- the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives; (if considered necessary)
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies; allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Executive Chairman.

### 2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of a Managing Director and two Non-Executive Directors. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report are included in the Directors' Report.

The Company has not elected a Chairman at the time of writing this report. The Board believes that the composition of the Board is appropriate for the current stage of the Company.

# Corporate Governance Statement

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire.

A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Managing Director is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

## **2(c) Chairman and Chief Executive Officer**

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be undertaken by separate people.

## **2(d) Nomination Committee**

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

## **2(e) Independent Directors**

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Segue Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;



- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently comprises of a majority independent non-executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, two of the Directors of Segue Resources Limited are deemed to be independent:

The following persons were directors of Segue Resources Limited during the financial year:

Steven Michael	Managing Director
Robert Van Zyl	Commercial Director (resigned 17 July 2013)
Nicholas Ong	Non-executive Director
Matthew Foy	Non-executive Director (appointed 17 July 2013, resigned 1 September 2014)
Howard Carr	Technical Director (appointed 16 September 2013, resigned 15 July 2014)

The Board recognises the importance of independent views and, in the Board's role in supervising the activities of management, the Chairman should be a Non-Executive Director. As at the date of this report, the Board has not elected a Chairman.

## **2(f) Avoidance of conflicts of interest by a Director**

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

## **2(g) Board access to information and independent advice**

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

## **2(h) Review of Board performance**

The performance of the Board is reviewed regularly by the Chairman or in the absence of a Chairman, by the Managing Director. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The Board member assessment measures are the responsibility of the Chairman. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Segue Resources Limited. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.

## **PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

### **3(a) Code of Conduct**

The Company's Corporate Governance Plan includes a Corporate Code of Conduct which provides a framework of principles for conducting business and dealing with customers, stakeholders and colleagues and can be summarised as follows:

- To act with integrity and professionalism and be scrupulous in proper use of Company information, funds, equipment and facilities;
- To exercise fairness, equity, proper courtesy, consideration and sensitivity in dealing with customers, employees and other stakeholders; and
- To avoid real or apparent conflict of interests.

### **3(b) Diversity Policy**

The Company has adopted a diversity policy to address equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time, to formally set objectives for gender diversity.

As at 30 June 2014 33% of employees were female. No Board Members were female.

# Corporate Governance Statement

## **BOARD COMMITTEES**

### **4(a) Audit Committee**

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 and the Audit Committee does not comprise only Non-Executive Directors. The role and responsibilities of the Audit Committee are summarised below.

The Board is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

#### *External Auditors*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Pitcher Partners policy to rotate engagement Directors on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

### **4(b) Remuneration Committee**

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues. The Group outlines the structure of remuneration of non-executive Directors and executives of the Group in the Remuneration report in the annual report.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 'Non-executive directors should not receive options or bonus payments'. The Company has and may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Segue Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holders, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares

in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-caliber directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

## **ETHICAL AND RESPONSIBLE DECISION MAKING**

### **5(a) Code of Ethics and Conduct**

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

## **TIMELY AND BALANCED DISCLOSURE**

### **6(a) Shareholder communication**

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

### **6(b) Continuous disclosure policy**

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

# Corporate Governance Statement

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

## **RECOGNISING AND MANAGING RISK**

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Audit and Risk Management Charter").

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

### **7(a) Board oversight of the risk management system**

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

### **7(b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

### **7(c) Chief Executive Officer and Chief Financial Officer Certification**

Mr Steven Michael held the position of Managing Director and Chief Executive Officer for the period. Mr Michael provides to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

### **7(d) Internal review and risk evaluation**

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

## AUDITOR'S INDEPENDENCE DECLARATION

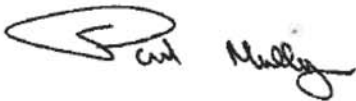
### To the Directors of Segue Resources Ltd

In relation to the independent audit of Segue Resources Ltd and its controlled entities for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



PAUL MULLIGAN

Executive Director

Perth, 30 September 2014

# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>Continuing Operations</b>			
Finance income		14,330	5,207
Employee benefits expenses		(261,562)	(464,516)
Occupancy costs		(30,807)	(63,795)
Impairment of exploration and evaluation assets		(406,212)	(1,855,502)
Finance costs		(8,136)	(86,072)
Profit / (loss) on disposal of non-current assets		13,645	(21,699)
Share based payment expenses		(193,845)	(33,000)
Administration and other expenses		(472,903)	(307,984)
Loss before tax from continuing operations	3	<b>(1,345,490)</b>	<b>(2,827,361)</b>
Income tax benefit	4	-	-
Loss after tax from continuing operations		<b>(1,345,490)</b>	<b>(2,827,361)</b>
<b>Discontinued operations</b>			
Profit / (Loss) from discontinued operations, net of tax	2	(110,642)	(2,944,806)
Loss for the year attributable to members of the company		<b>(1,456,132)</b>	<b>(5,772,168)</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items that may be classified subsequently to profit or loss</i>			
Movement in foreign currency translation reserve		82,361	(209,190)
Other comprehensive loss for the year		<b>82,361</b>	<b>(209,190)</b>
Total comprehensive loss for the year attributable to members of the company		<b>(1,373,771)</b>	<b>(5,981,357)</b>
<b>Basic and diluted loss per share:</b>			
	13	<i>Cents</i>	<i>Cents</i>
- From continuing operations		(0.19)	(0.52)
- From total operations		(0.20)	(1.07)

The above statement should be read in conjunction with the accompanying notes

# Consolidated Statement of Financial Position

as at 30 June 2014



	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	738,685	34,858
Trade and other receivables	6	22,926	5,425
Prepayments		7,051	7,505
Assets held for sale	7	-	2,136,460
<b>Total current assets</b>		<b>768,662</b>	<b>2,184,248</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	8	4,806,558	520,000
Property, plant and equipment		-	2,009
<b>Total non-current assets</b>		<b>4,806,558</b>	<b>522,009</b>
<b>TOTAL ASSETS</b>		<b>5,575,220</b>	<b>2,706,257</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	403,475	157,002
Interest bearing liabilities	10	-	873,567
<b>Total current liabilities</b>		<b>403,475</b>	<b>1,030,569</b>
<b>TOTAL LIABILITIES</b>		<b>403,475</b>	<b>1,030,569</b>
<b>NET ASSETS</b>		<b>5,171,745</b>	<b>1,675,688</b>
<b>EQUITY</b>			
Issued capital	11	23,209,714	18,533,731
Reserves	12	443,652	167,446
Accumulated losses		(18,481,621)	(17,025,490)
<b>TOTAL EQUITY</b>		<b>5,171,745</b>	<b>1,675,688</b>

The above statement should be read in conjunction with the accompanying notes

# Consolidated Statement of Changes in Equity

as at 30 June 2014

	Issued capital	Option reserve	Foreign currency translation reserve	Investment reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2012</b>	18,500,731	714,427	(350,141)	(150)	(11,253,322)	7,611,545
Loss for the year 2013	-	-	-	-	(5,772,168)	(5,772,168)
Other comprehensive loss	-	-	(209,190)	-	-	(209,190)
Total comprehensive loss	-	-	(209,190)	-	(5,772,168)	(5,981,357)
Share based payments - shares	33,000	-	-	-	-	33,000
Share based payments - options	-	12,500	-	-	-	12,500
Total transaction with equity holders	33,000	12,500	-	-	-	45,500
<b>At 30 June 2013</b>	<b>18,533,731</b>	<b>726,927</b>	<b>(559,331)</b>	<b>(150)</b>	<b>(17,025,490)</b>	<b>1,675,688</b>
<b>At 1 July 2013</b>	18,533,731	726,927	(559,331)	(150)	(17,025,490)	1,675,688
Loss for the year 2014	-	-	-	-	(1,456,132)	(1,456,132)
Other comprehensive loss	-	-	82,361	-	-	82,361
Total comprehensive loss	-	-	82,361	-	(1,456,132)	(1,373,771)
Issue of Shares	4,675,983	-	-	-	-	4,675,983
Share based payments	-	193,845	-	-	-	193,845
Total transaction with equity holders	4,675,983	193,845	-	-	-	4,869,828
<b>At 30 June 2014</b>	<b>23,209,714</b>	<b>920,772</b>	<b>(476,970)</b>	<b>(150)</b>	<b>(18,481,622)</b>	<b>5,171,745</b>

The above statement should be read in conjunction with the accompanying notes



# Consolidated Statement of Cash Flows

for the year ended 30 June 2014



	Notes	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payment to suppliers and employees		(736,491)	(879,689)
Interest income received		14,660	5,842
Finance costs paid		(8,136)	(73,572)
<b>Net cash used in operating activities</b>	5	(729,967)	(947,420)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of convertible notes		-	33,333
Proceeds from sale of assets		2,096,376	-
Payment for exploration and evaluation activities		(1,597,752)	(351,087)
Recoupment of exploration costs from farm-in partner		-	193,111
<b>Net cash used in investing activities</b>		498,624	(124,643)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,808,736	-
Proceeds from borrowings		-	1,123,567
Repayment of borrowings		(873,566)	(250,000)
<b>Net cash from financing activities</b>		935,170	873,567
Net increase / (decrease) in cash and cash equivalents		703,827	(198,496)
Effect of exchange rate movements		-	-
Cash and cash equivalents at the beginning of the year		34,858	233,354
Cash and cash equivalents at the end of the year	5	738,685	34,858

The above statement should be read in conjunction with the accompanying notes

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 1. CORPORATE INFORMATION

Segue Resources Limited (the "Company") is a limited company incorporated in Australia. The consolidated financial report of the Company for the year ended 30 June 2014 comprises the Company and its subsidiaries (together referred to as the "Group").

The financial report was authorised for issue by the directors on 30 September 2014.

The nature of the operation and principal activities of the Company are described in the attached Directors' Report.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and by all entities in the consolidated entity.

### A. Statement of Accounting Policies

These are for-profit general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Basis of Preparation

*Historical cost convention*

### Going Concern

The financial report has been prepared on a going concern basis.

The statement of Comprehensive Income shows that the Group incurred a net loss of \$1,456,132 during the year ended 30 June 2014. The Statement of Financial Position shows that the Company had cash and cash equivalents of \$738,685.

The ability of the Group to continue as a going concern is dependent on it being able to successfully raise further debt or capital funding. Subsequent to year end, the Group completed a share purchase plan raising \$2 million and entered into a Controlled Placement Agreement with Acuity Capital Pty Ltd to provide up to \$1 million of equity capital over the coming 12 months at the control and discretion of the Group. The Directors are confident that the Group will be able to continue as a going concern and meet its current liabilities as and when they fall due.

These financial statements have been prepared on an accruals basis and are based on historical costs except where stated otherwise in the notes. Cost is based on the fair values of the consideration given in exchange for assets.

### B. Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the company as the Managing Director and other members of the Board of directors.

### C. Functional and Presentation of Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the presentation currency of the consolidated entity.

*Translation of foreign operations:*

As at the reporting date the assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows

and statement of changes in equity are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income and accumulated balances are carried forward as a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

*Transaction in foreign currencies:*

In preparing the financial statements of each individual group entity, transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date, and gain or loss in exchange rate movements are recognised in profit or loss.

## 1. CORPORATE INFORMATION (continued)

### D. Use of Estimates and Judgements

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

##### *Exploration and evaluation assets*

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(M). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

##### *Share based payments (refer Note 19)*

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Binomial model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

#### Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### (i) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

##### (ii) Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

##### (iii) Benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

### E. Basis of Consolidation

#### Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 1. CORPORATE INFORMATION (continued)

### Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### F. Discontinued operations and assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

### G. Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest income is recognised as it accrues using the effective interest method.

### H. Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### I. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## 1. CORPORATE INFORMATION (continued)

### J. Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the profit or loss.

### K. Investments and Other Financial Assets

The consolidated entity determines the classification of its financial instruments at initial recognition.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost using the effective rate method. Changes in fair value are either taken to the profit or loss or to an equity reserve.

Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists the cumulative loss is removed from equity and recognised in the profit or loss.

### L. Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

#### *Subsequent Costs*

The Company recognises in the carrying amount of an item of Property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

#### *Depreciation*

Depreciation is charged to the profit or loss on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Plant and equipment over 3 to 10 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

#### *De-recognition*

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

### M. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

1. the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 1. CORPORATE INFORMATION (continued)

- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

## N. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

## O. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

## P. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## Q. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## R. Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Statement of financial position. The amount of GST payable to the taxation authority is included as part of the payables in the Statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 1. CORPORATE INFORMATION (continued)

### S. Share Based Payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares are measured by reference to the quoted market price. Fair value of options are measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

### Earnings Per Share

Basic Earnings Per Share – is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted Earnings Per Share – adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### T. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### U. New standards and Interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no impact on the Group's Financial Statements:

#### New Standards and Interpretations Not Yet Adopted

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.
AASB 2012- 6	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

assets on transition.

## 2 DISCONTINUED OPERATIONS

### (a) Sale of Emang Manganese Project

On 26 June 2013, the Group entered into an agreement with Emang Mmogo Mining Resources Pty Ltd (a South African based company that held 70% interest in Emang Manganese Project) to sell its 30% share in Emang Manganese Project for cash consideration of ZAR 19.80 million (approximately \$2,136,460).

The sale was approved by the members on 24 July 2013 and settlement occurred on 5 August 2013.

The Emang Manganese Project has been classified as "asset held for sale" under the requirements of AASB 5 and the results of its operations (including the 2013 comparative) has been presented separately in the Statement of Comprehensive Income.

### (b) Analysis of loss from discontinued operations

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Interest income	329	635
Occupancy	(526)	(26,034)
Impairment of exploration and evaluation assets	-	(2,511,108)
Impairment of receivables	-	(301,625)
Loss on asset disposal	(55,229)	-
Administration and other expenses	(55,216)	(106,674)
Loss before tax	<b>(110,642)</b>	<b>(2,944,806)</b>
Income tax benefit	-	-
Loss after tax	<b>(110,642)</b>	<b>(2,944,806)</b>

### (c) Assets and liabilities of discontinued operations

#### Assets

Exploration and evaluation assets	-	2,136,460
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#### Liabilities

	-	-
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## 3 REVENUE AND EXPENSES

*Loss from continuing operations includes:*

Depreciation expense	508	2,300
Employee benefits expense includes:		
Employee benefits, including directors fees	261,562	464,516
Share based payments	193,845	-
	<b>455,407</b>	<b>464,516</b>

*Finance costs includes:*

Facility fees	-	25,000
Interest charge	8,136	48,572
Share based payments	-	12,500
	<b>8,136</b>	<b>86,072</b>



# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

	2014 \$	2013 \$
<b>3 REVENUE AND EXPENSES (continued)</b>		
<i>Auditors' remuneration - for audit or review of financial report</i>		
Deloitte Touche Tohmatsu, Australia	-	36,660
Pitcher Partners Corporate & Audit (WA) Pty Ltd, Australia	29,000	-
BDO, South Africa	-	7,434
	29,000	44,094
<i>Auditors' remuneration - for other services</i>		
Pitcher Partners (WA) Pty Ltd - Taxation	14,650	-
	14,650	-

## 4 INCOME TAX

### (a) The major components of income tax expense / (benefit) comprise of:

Current tax benefit	-	-
Deferred tax benefit	-	-
	-	-

### (b) Reconciliation of prima facie tax on continuing operations to income tax benefit:

Profit / (loss) before tax for the year	(1,456,132)	(2,827,361)
Tax benefit @ 30% tax rate (Australia)	(403,647)	(848,208)
Tax benefit @ 28% tax rate (SA)	(30,979)	
<i>Adjustments for:</i>		
Non-deductible expenses	58,814	13,650
Unrecognised DTA on tax losses	375,812	834,558
Tax benefit recognised in profit or loss	-	-

### (c) Components of deferred taxes

#### *Deferred tax asset:*

Tax losses	7,313,475	2,280,865
Provisions & Accruals	14,381	-
Capital & Borrowing costs	48,111	-
Offset against deferred tax liability not recognised	(7,375,967)	-
<i>Deferred tax liability:</i>		
Investments	(1,129,122)	(2,280,865)
Offset against deferred tax assets not recognised	1,129,122	-
Net deferred tax asset / (liability)	-	-
	7,375,967	1,642,840

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

	2014 \$	2013 \$
<b>4 INCOME TAX (continued)</b>		
<b>(d) Deferred tax assets / liabilities not brought to account</b>		
Temporary differences	(1,066,631)	(111,591)
Operating tax losses	7,102,944	5,305,674
	<u>6,036,314</u>	<u>5,194,083</u>

The tax benefits of the above deferred tax assets will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

#### **(e) Tax consolidation**

For the purposes of income tax legislation, the Company and its 100% controlled Australian entity have elected to form a tax consolidated group.

	2014 \$	2013 \$
<b>5 CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	718,244	14,588
Deposits at call	20,441	20,270
	<u>738,685</u>	<u>34,858</u>

#### **Reconciliation of loss for the year to operating cash flows**

Loss for the year	(1,456,132)	(5,772,168)
<i>Adjustments for non-cash items:</i>		
Impairment of assets	406,212	4,366,610
Share based payment expenses	193,845	45,500
Depreciation expense	508	2,300
Loss on disposal of non-current assets	53,728	21,699
Net foreign exchange movements	82,362	-
<i>Movement in working capital items:</i>		
(Increase) / decrease in trade and other receivables	(17,501)	171,618
(Increase) / decrease in prepayments	454	36,471
Increase / (decrease) in trade and other payables	6,557	180,550
Net cash used in operating activities	<u>(729,967)</u>	<u>(947,420)</u>

#### **6 TRADE AND OTHER RECEIVABLES**

Bond	6,737	-
GST receivable	16,189	5,425
	<u>22,926</u>	<u>5,425</u>

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014



	2014 \$	2013 \$
<b>7 ASSETS HELD FOR SALE</b>		
Emang Manganese Project (refer to Note 2)	-	2,136,460
	<b>-</b>	<b>2,136,460</b>

## 8 EXPLORATION AND EVALUATION ASSETS

Balance at the beginning of the year	520,000	7,427,180
Expenditure incurred during the year	3,666,582	(351,087)
Fair Value of tenements on acquisition	1,026,188	-
Cost recouped from the JV partner	-	193,111
Impairment recognised during the year	(406,212)	(4,366,610)
Transferred to asset held for sale classification	-	(2,136,460)
Effect of exchange rate movement	-	(246,134)
Balance at the end of the year	<b>4,806,558</b>	<b>520,000</b>

*The asset balance comprise of:*

Plumridge Project (i)	4,093,760	-
Deralinya Project (i)	462,798	-
Pardoo Project, Western Australia	250,000	520,000
	<b>4,806,558</b>	<b>520,000</b>

*Impairment expense relate to:*

Emang Manganese Project, South Africa	-	2,511,108
Pardoo Project, Western Australia	406,212	1,855,502
	<b>406,212</b>	<b>4,366,610</b>

(i) During the year the Company acquired exploration tenements in the Fraser Range district through the acquisition of the three companies. The acquisitions have been deemed an asset acquisition rather than a business combination due to the entities not meeting the definition of a business under the accounting standards.

As at the date of the acquisition, the directors assessed the fair value of the Deralinya and Plumridge projects acquired to be \$1,026,188.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation

## 9 TRADE AND OTHER PAYABLES

Trade creditors and accruals	403,475	157,002
	<b>403,475</b>	<b>157,002</b>

Trade creditors are generally settled on 30 to 90 day terms

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

	2014 \$	2013 \$
<b>10 INTEREST BEARING LIABILITIES</b>		
<i>Unsecured borrowings from related parties:</i>		
Hemisphere Investment Partners Pty Ltd (i)	-	538,394
GR Whiddon (ii)	-	335,173
	<b>-</b>	<b>873,567</b>

- (i) During the 2013 year, the Group borrowed \$500,000 from Hemisphere Investment Partners Pty Ltd meet the working capital requirements.  
The facility fee was 5% of the loan advanced and interest is payable @ 9.25% pa.  
The facility was fully settled in August 2013.
- (ii) During the 2013 year, the Group borrowed \$332,644 from GR Whiddon meet the working capital requirements.  
The interest is payable @ 9.25% pa. The lender was granted first right to acquire 15 million shares in White Eagle Resources Limited held by the Company @ \$0.005 per share.  
The facility was fully settled in August 2013. In July 2013, the lender has exercised his right to acquire the shares in White Eagle Resources Limited.

	2014 \$	2013 \$
<b>11 ISSUED CAPITAL</b>		
Ordinary shares full paid	23,209,714	18,533,731

## (a) Movement in ordinary share capital

	<i>Nos.</i>	
<b>Balance at 1 July 2013</b>	<b>547,662,798</b>	<b>\$18,533,731</b>
Employee Share Scheme buyback	(10,750,000)	(\$1,075)
Acquisition of Plumridge & Deralinya Project	725,000,000	\$2,675,000
Share placement	150,000,000	\$900,000
Consulting Fees	21,499,999	\$192,247
Share placement	66,666,667	\$500,000
Share Purchase plan	78,533,285	\$588,902
Employee Share Purchase plan	165,000,000	-
Costs of issue		(\$179,091)
<b>Balance at 30 June 2014</b>	<b>1,743,612,749</b>	<b>\$23,209,714</b>

## Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 11 ISSUED CAPITAL

### (b) Unexpired share options

The following options over ordinary shares of the Company existed at reporting date:

	Expiry date	Nos.	Exercise price \$
Balance at 1 July 2013	08/11/2014	11,800,000	0.051
	18/02/2018	25,000,000	0.010
Issued during the Year			
Issued pursuant to a share placement	31/01/2016	75,000,000	0.018
Issued pursuant to a payment for consulting fees	31/01/2016	1,500,000	0.018
		<b>113,300,000</b>	

These options are unlisted.

	2014 \$	2013 \$
Option reserve - (i)	920,772	726,927
Foreign currency translation reserve - (ii)	(476,970)	(559,331)
Investment reserve - (iii)	(150)	(150)
	<b>443,652</b>	<b>167,446</b>

- (i) The option reserve relates to shares & options granted by the Company to its employees and suppliers.
- (ii) Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.
- (iii) The investment reserve represents fair value gains / (losses) on available for sale investments recognised in equity.

## 13 LOSS PER SHARE

The following data reflect the income and share numbers used in calculation of the basic and diluted loss per share:

	Unit	2014	2013
Weighted average number of shares	Nos.	715,521,062	540,192,430
Loss from continuing operations	\$	(1,345,490)	(2,827,361)
Loss from total operations	\$	(1,456,132)	(5,772,168)
Basic and diluted loss per share:			
- From continuing operations	Cents	(0.19)	(0.52)
- From total operations	Cents	(0.20)	(1.07)
Anti-dilutive equity instruments not considered in diluted loss per share	Nos.	113,300,000	36,800,000

The Company's options over ordinary shares could potentially dilute basic earnings per share in the future, however they have been excluded from the calculation of diluted earnings per share because they are anti dilutive for both of the years presented.

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 14 CONTINGENT ASSETS AND LIABILITIES

The Group had no contingent assets or liabilities at reporting date or in subsequent periods.

## 15 SUBSEQUENT EVENTS

On 30 June 2014 the Company announced a Share Purchase Plan to raise up to \$2.0 million at 0.8¢ per share. The Plan closed on Friday, 18 July heavily oversubscribed with applications for 369.25 million shares totalling \$3.0 million which had to be scaled back.

On 10 July 2014, the Company advised that it had completed the acquisition of a 100% interest in four exploration tenements at the Plumridge Nickel and Gold Project in the Fraser Range Province of Western Australia from International Goldfields Limited.

Subsequent to the Period on 24 July 2014 Segue issued 250,000,000 ordinary shares at 0.8¢ per share to raise \$2 million under the Company's second Share purchase Plan.

On 28 July 2014 Segue announced the establishment of a share sale facility for holders of unmarketable parcels of Segue shares. Segue offered the facility to assist shareholders of unmarketable parcels to sell their Segue shares without having to use a broker or incur brokerage costs. The share sale facility closed on 8 September 2014 and 4,208,898 ordinary shares representing 1,927 shareholders were transferred back to the Company ready for sale.

On 19 September 2014 the Company issued 9,500,000 ordinary shares at 1.25¢ per share to the Company's consultants.

Other than the above, there were no other subsequent events after the reporting date.

## 16 COMMITMENTS

### *Exploration & evaluation commitments*

The Group has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the Group will be required to outlay \$1,757,761 in 2014/2015. (\$212,000 in 2013/2014).

### *Leasing commitments*

The company has entered into a 12 month office lease from 1 September 2014 at an annual cost of \$33,902.

The expenditure commitment for the Group for later than 2 years but not later than 5 years is uncertain as the tenements require re-application prior to this date of which the outcome is not certain.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Up to 1 year	1,763,828	212,000
Between 1 and 5 years	34,284	-
Later than 5 years	-	-
	<b>1,798,112</b>	<b>212,000</b>

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014



## 17 RELATED PARTY DISCLOSURES

### (a) Parent and subsidiaries

The parent entity and the ultimate parent entity of the Group is Segue Resources Limited, a company listed on the Australian Securities Exchange.

The components of the Group are:

	Incorporation	Extent of control	
		2014	2013
Parent			
Segue Resources Limited	Australia	-	-
Controlled entities			
Segue (Pardoo) Limited	Australia	100%	100%
Edurus Resources SA	South Africa	100%	100%
Becrux Resources Pty Ltd	Australia	100%	-
Distant Island Pty Ltd	Australia	100%	-
Fraser Range Resources Pty Ltd	Australia	100%	-
Farm In Agreements			
Plumridge Gold Pty Ltd	Australia	65%	-

### (b) Key management personnel disclosures

Information regarding key management personnel has been provided in Note 18.

## 18 KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Details of directors and key management personnel

The following were key management personnel of the Company at any time during the previous and current financial year and have been in office for the entire period unless indicated otherwise:

Mr Steven Michael	Managing Director
Mr Nicholas Ong	Non-executive Director
Mr Robert van Zyl	Executive Director (resigned 17/07/2013)
Mr Matthew Foy	Company Secretary
	Non-executive Director (appointed 17/07/2013, resigned 1 September 2014)
Dr Howard Carr	Technical Director (appointed 16/09/2013, resigned 15 July 2014)

### (b) Key management personnel compensation

The key management personnel compensation included employee benefit and director compensation expenses are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	470,774	410,499
Post employment benefits	37,474	22,500
Termination benefits	6,000	-
Equity compensation benefits	193,845	-
	<b>708,093</b>	<b>432,999</b>

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 18 KEY MANAGEMENT PERSONNEL DISCLOSURES

### (c) Equity holdings of key management personnel

#### Option holding:

The number of options over ordinary shares in the Company held during the financial period by each Director of Segue Resources Limited and any other key management personnel of the Company, including their personally related parties, are set out below:

2014	Opening balance	Granted as remuneration	Exercised / Lapsed	Closing balance
		Nos.	Nos.	Nos.
Mr Steven Michael	11,800,000	-	-	11,800,000
Mr Nicholas Ong	-	-	-	-
Mr Matthew Foy (resigned 1 September 2014)	-	-	-	-
Mr Robert van Zyl (resigned 17 July 2013)	-	-	-	-
Dr Howard Carr (appointed 16 Sept 2013, resigned 15 July 2014)	-	-	-	-
	11,800,000	-	-	11,800,000
<b>2013</b>				
Mr Steven Michael	11,800,000	-	-	11,800,000
Mr Ian Benning	-	-	-	-
Mr Nicholas Ong	-	-	-	-
Mr Robert van Zyl	-	-	-	-
Mr Matthew Foy	-	-	-	-
	11,800,000	-	-	11,800,000

The options have vested immediately on the grant date.

#### Share holding:

The number of ordinary shares in the Company held during the financial period by each Director of Segue Resources Limited and any other key management personnel of the Company, including their personally related parties, are set out below:

2014	Opening balance	Granted as remuneration	Options exercised	Net other change	Closing balance
	Nos.	Nos.	Nos.	Nos.	Nos.
Mr Steven Michael	14,050,000	75,000,000	-	-	89,050,000
Mr Matthew Foy	1,250,000	7,500,000	-	-	8,750,000
Mr Nicholas Ong	2,750,000	7,500,000	-	-	10,250,000
Mr Robert van Zyl *	3,000,000	-	-	(3,000,000)	-
Dr Howard Carr	-	75,000,000	-	-	75,000,000
	<b>21,050,000</b>	<b>165,000,000</b>	<b>-</b>	<b>(3,000,000)</b>	<b>183,050,000</b>
<b>2014</b>					
	Opening balance	Granted as remuneration	Options exercised	Net other change	Closing balance
	Nos.	Nos.	Nos.	Nos.	Nos.
Mr Steven Michael	14,050,000	-	-	-	14,050,000
Mr Ian Benning *	5,000,000	-	-	(5,000,000)	-
Mr Nicholas Ong	2,750,000	-	-	-	2,750,000
Mr Robert van Zyl	3,000,000	-	-	-	3,000,000
Mr Matthew Foy	1,250,000	-	-	-	1,250,000
	<b>26,050,000</b>	<b>-</b>	<b>-</b>	<b>(5,000,000)</b>	<b>21,050,000</b>

\* Director resigned prior to end of the financial year.



## 18 KEY MANAGEMENT PERSONNEL DISCLOSURES

### (d) Other transaction with key management personnel

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 1 April 2013 to pay general office expenses, bookkeeping and accounting, company secretarial, general administration services and rental of office space for approximately \$41,250 per quarter (inclusive of GST). Messrs Ong & Foy are related parties of Minerva Corporate Pty Ltd and Segue Resources Ltd.

During the year an amount of \$211,665 (2013:\$42,331) inclusive of GST was paid or payable in relation to these services. \$34,182 (2013: \$29,251) is included in trade creditors on account of these services. This service agreement did not continue in 2014 except for the payment of Mr Ong's directors fees and Mr Foy's company secretary fees.

## 19 SHARE BASED PAYMENTS

Share based payments are provided to directors, consultants and other advisors.

The issue to each individual director, consultant or advisor is controlled by the Board and the ASX Listing Rules. Terms and conditions of the payments, including the grant date, vesting date, exercise price and expiry date are determined by the Board, subject to shareholder approval where required.

The following share-based payments were made during the financial year.

2014	Beneficiary	Expense	Shares Nos.	Options Nos.	Value \$
	Other Vendors	Acquisition of Plumridge & Deralinya Projects	675,000,000	-	\$2,225,000
	International Goldfields Limited	Acquisition of Plumridge & Deralinya tenements	50,000,000	-	\$450,000
	Trim Consulting	Consultants Expense	3,333,333	-	\$53,247
	Matlock Geological	Consultants Expense	3,333,333	-	\$50,000
	RM Research Pty Ltd	Consultants Expense	5,833,333	-	\$35,000
	GMP Securities Australia Pty Ltd	Consultants Expense	9,000,000	1,500,000	\$54,000
			<hr/>	<hr/>	<hr/>
			746,499,999	1,500,000	\$2,867,247
2013					
	G Whiddon	Financing fee	-	25,000,000	12,500
	Empire Equity Limited	Consultants Expense	11,314,042	-	33,000
			<hr/>	<hr/>	<hr/>
			11,314,042	25,000,000	45,500

## Valuation

Shareholder approval was received on 17 April 2014 for the issue of 165 million shares to directors and KMP.

The issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares.

The Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

The 2014 shares have been valued applying a Binomial model.

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 19 SHARE BASED PAYMENTS (continued)

The 2013 options have been valued applying the Black-Scholes model using the following inputs:

	<b>2014</b>	<b>2013</b>
Number of shares (2014) / options (2013)	165,000,000	25,000,000
Grant date	17/04/2014	26/02/13
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	115%	100%
Risk-free interest rate (%)	2.97%	4.00%
Vesting date	Various	26/02/13
Expected life (years)	3.0	5.0000
Share / Option exercise price (\$)	0.07	0.0100
Share price at grant date (\$)	0.07	0.0020
Valuation of shares – Milestones 1-3,5-7 (\$)	0.00486 (115m)	
Valuation of shares – Milestones 4 & 8 (\$)	0.00249 (50m)	
Valuation of option (\$)		0.0005

Refer to the remuneration Report for full details of vesting periods and restrictive conditions to be achieved.

## 20 OPERATING SEGMENTS

Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on the exploration activities in South Africa and Western Australia. The Group's reportable segment under AASB 8 comprise only two segment as follows:

- (i) South Africa - representing the Emang Manganese Project (refer to Note 2 for discontinued operations)
- (ii) Western Australia - representing the exploration of base metals.

### (a) Segment results

<b>2014</b>	<b>South Africa</b> <b>\$</b>	<b>Western Australia</b> <b>\$</b>	<b>Total</b> <b>\$</b>
Finance income	329	14,330	14,669
P&L on sale of investment	(55,229)	-	(55,229)
Impairment expenses	-	(406,212)	(406,212)
Administration and other expenses	(55,742)	(750,272)	(806,014)
Segment results before tax	(110,642)	(1,142,154)	(1,,252,796)
Unallocated expenses:			
Finance costs			(8,136)
Share based payments			(193,845)
Loss on disposal of non-current assets			(1,355)
Loss before tax for the year			(1,456,132)

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 20 OPERATING SEGMENTS (continued)

### (a) Segment results

	South Africa \$	Western Australia \$	Total \$
<b>2013</b>			
Finance income	635	5,207	5,842
Impairment expenses	(3,062,733)	(1,605,502)	(4,668,235)
Administration and other expenses	(836,295)	(132,708)	(969,003)
<b>Segment results before tax</b>	<b>(3,898,394)</b>	<b>(1,733,003)</b>	<b>(5,631,397)</b>
<i>Unallocated expenses:</i>			
Finance costs			<b>(86,072)</b>
Share based payments			<b>(33,000)</b>
Loss on disposal of non-current assets			<b>(21,699)</b>
Loss before tax for the year			<b>(5,772,168)</b>

### (b) Segment assets and liabilities

	South Africa \$	Western Australia \$	Total \$
<b>2014</b>			
Exploration and evaluation assets	-	4,806,558	4,806,558
<b>Segment assets</b>			
Unallocated assets			768,662
<b>Total assets</b>			<b>5,575,220</b>
<b>Segment liabilities</b>			
Unallocated liabilities			403,475
<b>Total liabilities</b>			<b>403,475</b>
<b>2013</b>			
Exploration and evaluation assets	2,136,460	520,000	2,656,460
<b>Segment assets</b>	2,136,460	520,000	2,656,460
Unallocated assets			49,797
<b>Total assets</b>			<b>2,706,257</b>
<b>Segment liabilities</b>	-	-	-
Unallocated liabilities			1,030,569
<b>Total liabilities</b>			<b>1,030,569</b>

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 21 FINANCIAL RISK MANAGEMENT

### Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

### (a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and cash and cash equivalents.

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

### Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	738,685	34,858
Trade and other receivables	22,926	5,425
	<hr/> 761,611	<hr/> 40,283

Financial assets are neither past due nor impaired.

### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The maturity profile of Group's financial assets and liabilities are:

	<b>Carrying amount</b>	<b>Up to 6 months</b>
	<b>\$</b>	<b>\$</b>
<b>2014</b>		
Cash and cash equivalents	738,685	738,685
Trade and other receivables	22,926	22,926
Trade and other payables	(403,475)	(403,475)
	<hr/> 358,136	<hr/> 358,136
<b>2013</b>		
Cash and cash equivalents	34,858	34,858
Trade and other receivables	5,425	5,425
Trade and other payables	(157,002)	(157,002)
Interest bearing liabilities	(873,567)	(873,561)
	<hr/> (990,285)	<hr/> (990,285)

The maturity profile disclosed are the contractual undiscounted cash flows.

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 21 FINANCIAL RISK MANAGEMENT (continued)

### (c) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments

#### Foreign currency risk:

The Group is exposed to foreign exchange risk through its operations in South Africa. However, the financial instruments are held by the parent entity in Australia. Hence the foreign currency risk exposure at the reporting date is minimal.

#### Interest rate risk

The Group holds the majority of its cash and cash equivalents within a current account attracting an interest rate of 2.35% pa.

The Group's sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below.

#### 30 June 2014

	Carrying amount	Interest rate risk			
		+100 bps Profit	Equity	-100 bps Profit	Equity
Cash and cash equivalents	738,685	1,409	(1,409)	1,409	(1,409)

#### 30 June 2013

	Carrying amount	Interest rate risk			
		+100 bps Profit	Equity	-100 bps Profit	Equity
Cash and cash equivalents	34,858	-	-	-	-

#### Commodity price risk:

The Group is still under exploration stage and does not have exposure to commodity prices.

### (d) Fair value of financial instruments

The fair value of Group's financial instruments at reporting date are:

	2014		2013	
	Carrying amount	Fair value \$	Carrying amount \$	Fair value \$ \$
Cash and cash equivalents	738,685	738,685	34,858	34,858
Trade and other receivables	22,926	22,926	5,425	5,425
Trade and other payables	(403,475)	(403,475)	(157,002)	(157,002)
Interest bearing liabilities	-	-	(873,567)	(873,567)
	358,136	358,136	(990,285)	(990,285)

The directors consider the carrying amount of the financial instruments to be a reasonable approximation of their fair value on account of the short maturity cycle.

### (e) Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group defines capital as cash and cash equivalents plus equity. The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios as the Group has not derived any income from their mineral exploration.

# Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2014

## 22 PARENT ENTITY INFORMATION

### (a) Financial position

	2014 \$	2013 \$
<b>ASSETS</b>		
Current assets	741,918	759,043
Non-current assets	3,755,027	1,641,877
<b>TOTAL ASSETS</b>	<b>4,496,945</b>	<b>2,400,920</b>
<b>LIABILITIES</b>		
Current liabilities	405,555	989,350
<b>TOTAL LIABILITIES</b>	<b>405,555</b>	<b>989,350</b>
<b>NET ASSETS</b>	<b>4,091,390</b>	<b>1,411,570</b>
<b>EQUITY</b>		
Issued capital	23,209,714	18,533,732
Reserves	920,622	726,777
Accumulated losses	(20,038,496)	(17,848,939)
<b>TOTAL EQUITY</b>	<b>4,091,390</b>	<b>1,411,570</b>
<b>(b) Financial performance</b>		
Loss for the year	816,139	6,245,476
Other comprehensive income for the year	-	-
	<b>816,139</b>	<b>(6,245,476)</b>

### (c) Commitments

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 1 April 2013 to pay general office expenses, bookkeeping and accounting, company secretarial, general administration services and rental of office space for approximately \$41,250 per quarter (inclusive of GST). Messrs Ong & Foy are related parties of Minerva Corporate Pty Ltd and Segue Resources Ltd.

During the year an amount of \$211,665 (2013:\$42,331) inclusive of GST was paid or payable in relation to these services. \$34,182 (2013: \$29,251) is included in trade creditors on account of these services.

This agreement did not continue in 2014 except for the payment of Mr Ong's director's fees and Mr Foy's company secretarial fees.

### (d) Contingencies

The Company has no contingent assets or liabilities at the reporting date.

# Directors' Declaration

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

1. The consolidated financial statements and accompanying notes set out on pages 32 to 53 are in accordance with the Corporations Act 2001, including:
  - a. giving a true and fair view of the Consolidated Entity's financial position at 30 June 2014 and of their performance for the year ended on that date: and
  - b. complying with Accounting Standards and Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.
4. The consolidated financial statements and notes are also in compliance with International Financial Reporting Standards as disclosed in Note 1 (a).

On behalf of the Board



**Steven Michael**  
**Managing Director**

Perth, 30 September 2014

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

**Report on the Financial Report**

We have audited the accompanying financial report of Segue Resources Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1 (A), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

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



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

*Opinion*

In our opinion:

- (a) the consolidated financial report of Segue Resources Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1 (A).

*Emphasis of Matter*

Without further modifying our opinion, we draw attention to Note 1 (A) to the consolidated financial report which indicates that the consolidated entity incurred a net loss of \$1,456,132 during the year ended 30 June 2014, and as of that date, the consolidated entity net current assets of \$365,187. These conditions, along with other matters as set forth in Note 1 (A), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

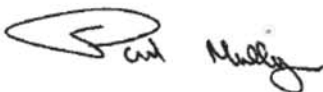
We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of Segue Resources Ltd for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



PAUL MULLIGAN  
Executive Director  
Perth, 30 September 2014

# Additional Information

## Shareholders Information

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Information as at 23 September 2014.

### 1. Shares on Issue

Total number of issued fully paid ordinary shares was 2,003,112,749.

### 2. Distribution of Holders

	Number of Holders Shares	Percentage of Issued Capital
1 - 1,000	140	0.00%
1,001 - 5,000	14	0.00%
5,001 - 10,000	11	0.00%
10,001 - 100,000	710	2.27%
> 100,000	1,361	97.72%
Total	2,236	100.00%

### 3. Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 254.

### 4. Substantial Shareholders (i.e. shareholders who hold 5% or more of the issued capital);

Name	Number of Shares Held	Percentage Held
N & J Mitchel Holdings Pty Ltd and Linda Steinepreis	292,500,000	14.67%
Ms Jane Whiddon	268,646,567	13.48%
Acorn Capital Ltd	166,666,667	8.36%

## Top 20 Shareholders – Ordinary Shares

Rank	Name	Units	% of Units
1	MIMO STRATEGIES PTY LTD <MIMO A/C>	237,000,000	11.83
2	ASCENT CAPITAL HOLDINGS PTY LTD	137,500,000	6.86
3	N & J MITCHELL HOLDINGS PTY LTD <ORD STREET PROPERTIES>	125,500,000	6.27
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	78,578,899	3.92
5	MR STEVEN MICHAEL	75,000,000	3.74
6	DR HOWARD CARR	75,000,000	3.74
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	73,523,749	3.67
8	N & J MITCHELL HOLDINGS PTY LTD <STEINEPREIS SUPER FUND>	29,500,000	1.47
9	NATIONAL NOMINEES LIMITED	22,706,726	1.13
10	MIMO STRATEGIES PTY LTD <MIMO A/C>	22,136,496	1.11
11	MOTTE & BAILEY PTY LTD <BAILEY SUPER FUND A/C>	16,630,084	0.83
12	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	15,000,000	0.75
13	L & D FARRINGTON HOLDINGS PTY LTD	14,425,153	0.72
14	MRS LAUREEN MICHAEL	13,050,000	0.65
15	MR GLENN ROSS WHIDDON	12,500,000	0.62
16	BLACK PRINCE PTY LTD <BLACK PRINCE SUPER FUND A/C>	12,000,000	0.6
17	SN&SR PTY LTD <SN AND SR SUPER FUND A/C>	11,700,000	0.58
18	MRS EVA XIRADIS	10,333,333	0.52
19	MR WARREN STEPHEN FOSTER	10,288,888	0.51
20	PLA CONSULTING PY LTD <PLA SUPERANNUATION FUND A/C>	9,600,000	0.48
<b>Totals: Top 20 holders of SEG ORDINARY FULLY PAID</b>		<b>1,001,973,328</b>	<b>50.02%</b>
<b>Total Remaining Holders Balance</b>		<b>1,001,139,421</b>	<b>49.98%</b>
<b>Total Holders Balance</b>		<b>2,003,112,749</b>	<b>100%</b>

## 6. Restricted Securities

There are 500,000,000 unquoted ordinary shares subject to ASX escrow until 13 December 2014 on issue.

## 7. Voting Rights

The voting rights attached to each class of equity security are as follows:

### Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### Options

There are no voting rights attached to any class of options that is on issue.

## 8. On-market Buy-Back

Currently there is no on-market buy-back of the Company's securities.

# Additional Information

## 9. Company Secretary

The name of the Company Secretary is Matthew Foy

## 10. Registered Address

The address of the principal registered office is Office J, Level 2, 1139 Hay St, West Perth WA 6005. Telephone (08) 9486 4699.

## Registers

The register of securities are held at the following address:

Advance Share Registry

150 Stirling Highway

Nedlands WA 6009

## Unquoted Securities

As at 23 September 2014 the following options over un-issued shares were on issue:

11,800,000 options exercisable at 5.1 cents on or before 8 November 2014.

76,500,000 options exercisable at 1.8 cents on or before 31 January 2016.

25,000,000 options exercisable at 1 cent on or before 18 February 2018.

## Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 23 September 2014 the following class of unquoted securities had holders with greater than 20% of the class on issue.

### Unquoted Options exercisable at \$0.051 on or before 8 November 2014

Percentage Held %	Name	Number of Securities held
100%	Laureen Michael	11,800,000

### Unquoted Options exercisable at \$0.018 on or before 31 January 2016

Percentage Held %	Name	Number of Securities held
36.05%	JP Morgan Nominees Australia Limited	27,578,792
29.31%	HSBC Custody Nominees (Australia) Limited	22,421,208

### Unquoted Options exercisable at \$0.01 on or before 18 February 2018

Percentage Held %	Name	Number of Securities held
100%	6466 Investments Pty Ltd	25,000,000

## Tenement Schedule as at 23 September 2014

Tenement	Holder	Interest	Granted	Expiry
E28/1475	Plumridge Gold Pty Ltd	100%	17/11/2004	16/11/2014
E39/1084	Plumridge Gold Pty Ltd	100%	11/01/2006	10/01/2015
E39/1117	Plumridge Gold Pty Ltd	100%	25/11/2005	24/11/2014
E39/1118	Plumridge Gold Pty Ltd	100%	11/01/2006	10/01/2015
E28/2267	Becrux Resources Pty Ltd	100%	23/04/2013	22/04/2018
E39/1710	Becrux Resources Pty Ltd	100%	09/04/2013	08/04/2018
E28/2266	Distant Island Pty Ltd	100%	25/07/2013	24/07/2018
E39/1709	Distant Island Pty Ltd	100%	30/05/2014	29/05/2019
E39/1731	Plumridge East Pty Ltd	0% <sup>1</sup>	24/09/2013	23/09/2018
E28/2317	Plumridge East Pty Ltd	0% <sup>1</sup>	22/01/2014	21/01/2019
E63/1521	Fraser Range Resources Pty Ltd	100%	28/06/2012	27/06/2017
E63/1522	Fraser Range Resources Pty Ltd	100%	28/06/2012	27/06/2017
E63/1523	Fraser Range Resources Pty Ltd	100%	28/06/2012	27/06/2017
E63/1524	Fraser Range Resources Pty Ltd	100%	28/06/2012	27/06/2017
E45/1866	Segue (Pardoo) Limited	100%	09/02/2004	08/02/2015
E45/3383	Segue (Pardoo) Limited	100%	20/10/2009	19/10/2014

1. Segue can earn up to an 80% interest in the Plumridge East JV.

## Additional Information

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