



SEGUE
RESOURCES LTD

ABN 49 112 609 846

**Half-Year Financial Report
31 December 2005**

Corporate Directory

Directors

Robert Cross	Non-Executive Chairman
Glenn Whiddon	Non-Executive
Robert Downey	Executive

Company Secretary

John Arbuckle

Registered Office

Suite 9, 36 Ord Street
West Perth WA 6005
Telephone: (08) 9322 2711
Facsimile: (08) 9322 7577
Email: admin@segueresources.com
Web: www.segueresources.com

Auditors

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

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

Share Registry

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

Stock Exchange Listing

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

ASX Code: **SEG**
SEGO

SEGUE RESOURCES LIMITED

HALF YEAR REPORT

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SEGUE RESOURCES LIMITED HALF YEAR REPORT

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2005.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Robert Cross
Glenn Whiddon
Robert Downey

REVIEW AND RESULTS OF OPERATIONS

The Company successfully listed on the ASX on 26 October 2005, after raising \$1.1 million from the IPO and closing oversubscribed. Prior to the IPO, the Company had raised \$1.4 million from sophisticated and professional investors.

Upon the completion of the IPO, the Company acquired the Coronet Hill Project, in the Pine Creek Geosyncline of the Northern Territory from Arafura Resources NL. Exploration commenced on this lease in November 2005.

The Company incurred loss for the half year of \$78,865.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with Section 307C, a copy of the auditor's independence declaration is included on page 4.

Signed in accordance with a resolution of the Directors

A handwritten signature in blue ink, appearing to read 'R Downey', with a long horizontal flourish extending to the right.

Robert Downey
Director

Perth, 15 March 2006



Chartered Accountants
& Business Advisers

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SEGUE RESOURCES NL**

As lead engagement partner for the review of Segue Resources NL for the half-year ended 31 December 2005, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten version of the PKF logo in black ink.

PKF
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Neil G Smith'.

NEIL G SMITH
Partner

Dated at Perth, Western Australia this 15th day of March 2006

**SEGUE RESOURCES LIMITED
HALF YEAR REPORT**

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Notes	31 December 2005 \$	31 December 2004 \$
Continuing Operations			
Other Income	2	38,470	-
Other expenses		(117,335)	-
Loss from continuing operations before tax and finance costs		(78,865)	-
Finance costs		-	-
Loss before income tax		(78,865)	-
Income tax expense		-	-
Loss after tax from continuing operations		(78,865)	-
Earnings per share (cents per share)			
- basic for profit for the half-year		(1.215)	-
- diluted for profit for the half-year		(1.215)	-

**SEGUE RESOURCES LIMITED
HALF YEAR REPORT**

**BALANCE SHEET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Notes	As at 31 December 2005 \$	As at 30 June 2005 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,254,518	1,330,501
Trade and other receivables		21,687	3,821
Total Current Assets		<u>2,276,205</u>	<u>1,334,322</u>
Non-Current Assets			
Exploration and Evaluation		311,162	-
Property, plant and equipment		2,692	-
Total Non-current assets		<u>313,854</u>	<u>-</u>
TOTAL ASSETS		<u>2,590,059</u>	<u>1,334,322</u>
LIABILITIES			
Current liabilities			
Trade and other payables		35,321	41,935
Other		-	1,329,969
Total Current Liabilities		<u>35,321</u>	<u>1,371,904</u>
TOTAL LIABILITIES		<u>35,321</u>	<u>1,371,904</u>
NET ASSETS		<u>2,554,738</u>	<u>(37,582)</u>
EQUITY			
Issued capital	3	2,671,285	100
Accumulated losses		(116,547)	(37,682)
TOTAL EQUITY		<u>2,554,738</u>	<u>(37,582)</u>

**SEGUE RESOURCES LIMITED
HALF YEAR REPORT**

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Notes	31 December 2005 \$	31 December 2004 \$
Cash flows from operating activities			
Payments to suppliers and employees		(141,719)	-
Interest income		38,470	-
Net cash flows used in operating activities		<u>(103,249)</u>	-
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,788)	-
Payment for exploration expenditure		(61,162)	-
Net cash flows used in investing activities		<u>(63,950)</u>	-
Cash flows from financing activities			
Proceeds from issue of shares		1,208,031	-
Payments for capital raising		(116,815)	-
Net cash flows from financing activities		<u>1,091,216</u>	-
Net increase in cash and cash equivalents		924,017	-
Net foreign exchange difference		-	-
Cash and cash equivalents at beginning of period		1,330,501	-
Cash and cash equivalents at end of period	6	<u>2,254,518</u>	-

**SEGUE RESOURCES LIMITED
HALF YEAR REPORT**

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	<i>Attributable to equity holders of the entity</i>		<i>Total equity</i>
	Issued capital \$	Accumulated Losses \$	\$
At 1 July 2005	100	(37,682)	(37,582)
Loss for the period		(78,865)	(78,865)
Issue of shares	2,788,000		2,788,000
Transaction costs of issuing shares	(116,815)		(116,815)
At 31 December 2005	2,671,285	(116,547)	2,554,738

SEGUE RESOURCES LIMITED

HALF YEAR REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

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

The half-year financial report should be read in conjunction with the annual Financial Report of Segue Resources Limited as at 30 June 2005. As the Company was incorporated after the adoption date of Australian equivalents to International Financial Reporting Standards (AIFRS), being 1 January 2005, the Company adopted AIFRS early and has prepared this financial report on this basis.

It is also recommended that the half-year financial report be considered together with any public announcements made by Segue Resources Limited and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

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

The half-year financial report has been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

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

(b) Statement of Compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Comparatives

This is the first half-year financial report prepared based on AIFRS and as the Company was incorporated on 21 January 2005 there are no comparatives for the half-year ended 31 December 2004.

**SEGUE RESOURCES LIMITED
HALF YEAR REPORT**

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

2 REVENUES AND EXPENSES

(a) Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

		31 December 2005
		\$
(i) Other income		
Finance income	38,470	
	38,470	
(ii) Expenses		
Depreciation	96	
	96	

	31 December 2005	30 June 2005
	\$	\$
	\$	\$

3 ISSUED CAPITAL

Ordinary shares

Issued and fully paid	2,671,285	100
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	Number	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2005	100	100
Issued on 24 August 2005	7,836,250	1,450,000
Issued on 26 October 2005 as per the IPO	2,176,000	1,088,000
Issued on 26 October 2005 for purchase of tenement from Arafura Resources NL	500,000	250,000
Costs incurred in capital raising	-	(116,815)
	10,512,350	2,671,285

SEGUE RESOURCES LIMITED

HALF YEAR REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

4 CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

5 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events subsequent to balance date which are sufficiently material to warrant disclosure.

6 ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following 31 December:

	31 December 2005 \$	31 December 2004 \$
Cash at bank and in hand	<u>2,254,518</u>	<u>-</u>
	<u>2,254,518</u>	<u>-</u>

SEGUE RESOURCES LIMITED HALF YEAR REPORT

Directors' Declaration

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

In the opinion of the directors:

(a) The financial statements and notes of the entity:

- (i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the entity; and
- (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'R Downey', with a long horizontal flourish extending to the right.

Robert Downey
Director

Perth, 15 March 2006



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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF SEGUE RESOURCES LIMITED

Scope

We have reviewed the financial report of Segue Resources Limited for the half-year ended 31 December 2005. The financial report includes the financial statements of the company. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of Segue Resources Limited's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



PKF
Chartered Accountants



NEIL G SMITH
Partner

Dated at Perth, Western Australia this 15th day of March 2006