



**ABN 49 112 609 846**

**Half-Year Financial Report  
31 December 2014**

## **CORPORATE INFORMATION**

### **Directors**

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

### **Company Secretary**

Matthew Foy

### **Registered Office**

Unit 16, 40 St Quentin Avenue

Claremont WA 6010

Telephone: (08) 9383 3330

Facsimile: (08) 9486 4799

Email: info@segueresources.com

### **Auditors**

Pitcher Partners Corporate & Audit (WA) Pty Ltd

1/914 Hay Street

Perth WA 6000

### **Bankers**

ANZ Banking Group Limited

32 St Quentin Avenue

Claremont WA 6010

### **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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## DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2014 (“**Period**”).

## DIRECTORS AND MANAGEMENT

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

Steven Michael	Managing Director
Nicholas Ong	Non-Executive Director
Matthew Foy	Non-Executive Director (resigned 1 September 2014)
Frazer Tabcart	Non-Executive Director (appointed 1 September 2014)
Howard Carr	Technical Director (resigned 15 July 2014)

## REVIEW AND RESULTS OF OPERATIONS

The principal activity of the Company and its subsidiaries during the Period was mineral exploration. The net operating loss for the half-year ended 31 December 2014 was \$659,714 (31 December 2013: \$335,250).

## OVERVIEW & HIGHLIGHTS

During the half-year ended 31 December 2014, the Company continued its exploration activities at the Plumridge Project in the Fraser Range Province and the Pardoo Project in the Pilbara Region, both in Western Australia.

### Plumridge Project - Fraser Range Province, Western Australia

Segue has continued to explore, expand and consolidate its exploration tenement package at the Plumridge Project in the Fraser Range Province, with Segue now controlling over 3,000 square kilometres of contiguous exploration licences. During the Period, Segue announced the acquisition of its minority partner’s interest in the Plumridge East Joint Venture. Segue now owns a 100% interest in all of its tenements.

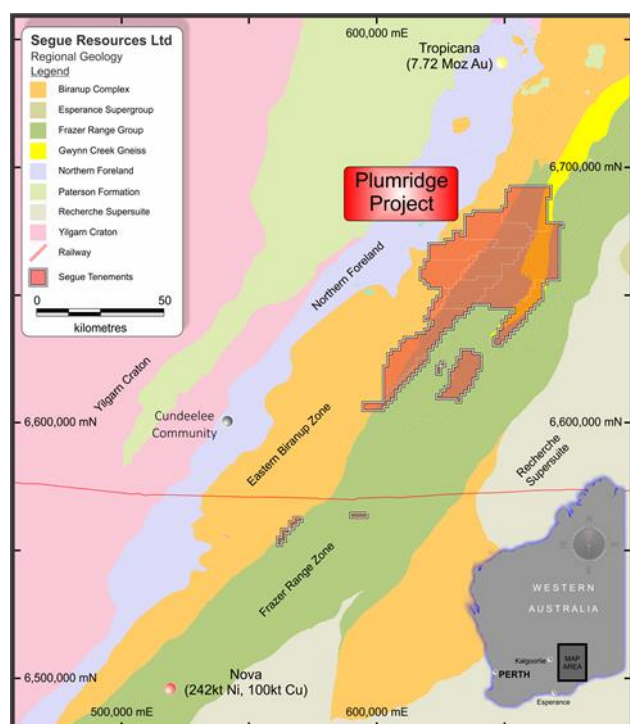


Figure 1: Plumridge Nickel Project location map

The Plumridge Project is highly prospective for massive nickel-copper sulphide deposits, similar to the Nova-Bollinger deposit (Sirius Resources NL) which was discovered in July 2012 and contains resources of over 325,000 tonnes of contained nickel and 134,000 tonnes of contained copper (May 2014 resource estimate).

Segue’s Plumridge Project tenements cover a large extent of the northern Fraser Range and the gravity high corridor, which represents the area of greatest nickel prospectivity. The Company has retained highly experienced nickel geologists and geophysicists to effectively and efficiently explore Segue’s area of primary focus.

The Plumridge Project is also prospective for gold mineralisation along the western side of Segue’s tenement area. Drilling by previous tenement owners has identified a 12 kilometre, semi-continuous gold anomaly with several gold prospects identified (Corvette, Camaro, Mustang and Stingray). The gold prospectivity at the Plumridge Project is not a priority focus for Segue and the Company is assessing alternative strategies for continuing gold exploration.

## DIRECTORS' REPORT

### *Detailed Aeromagnetic Survey*

During the Period, Segue engaged Thomson Aviation to acquire high resolution (100 metre line-spaced) aeromagnetic data on exploration licence E39/1731 to bring the data quality of this block up to the same standard as the rest of the Plumridge Nickel portfolio. The survey was completed in August and the data processed and interpreted by Segue's geophysical consultants.

### *Maiden Deep Drilling Programme*

Segue completed a maiden core and reverse circulation (**RC**) drilling programme at the E21 Target during the Period. The E21 Target covers the northern portion of a large, ovoid magnetic feature that is interpreted to represent an intrusion or series of intrusions in a major fold structure (**Figure 2**). Moving Loop Electromagnetic (**MLEM**) and Fixed Loop Electromagnetic (**FLEM**) surveys were undertaken and successfully defined five bedrock conductors. The drill programme was designed to test the three highest priority conductors (C1, C2 and C4).

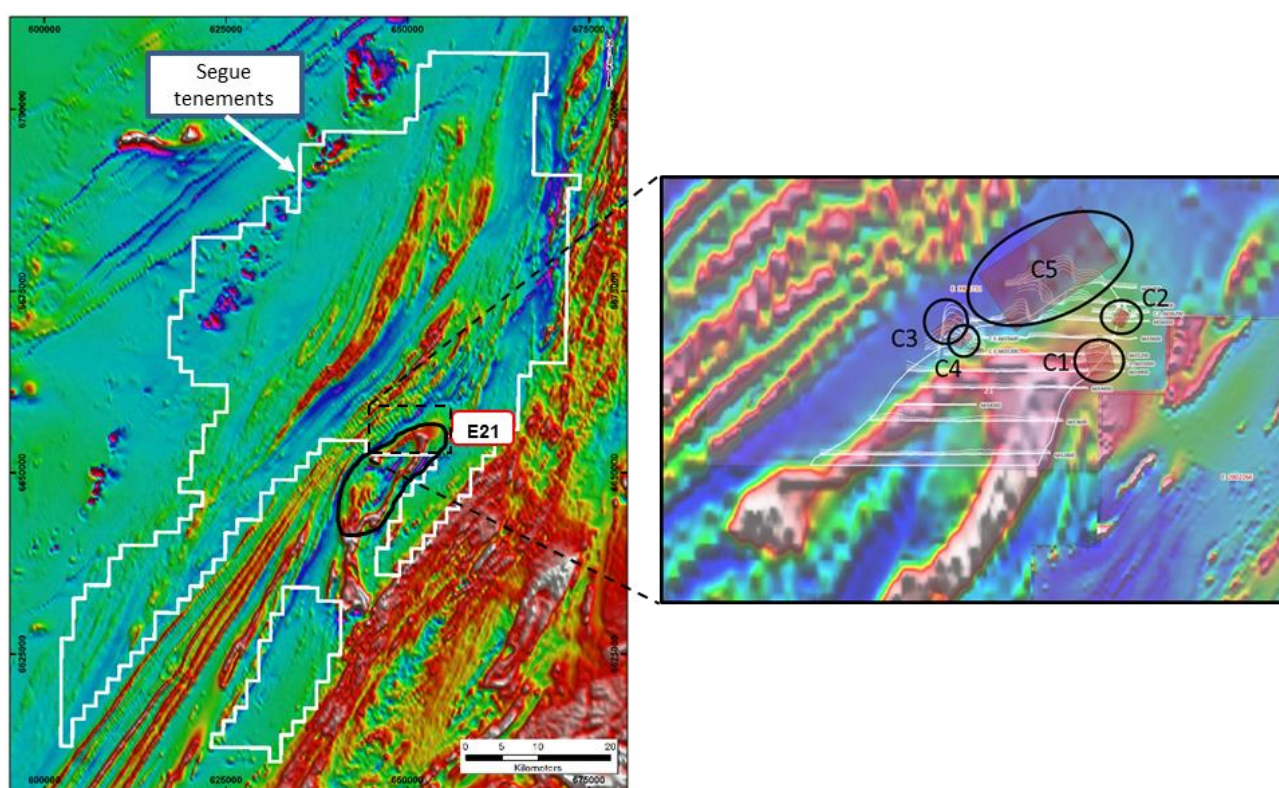


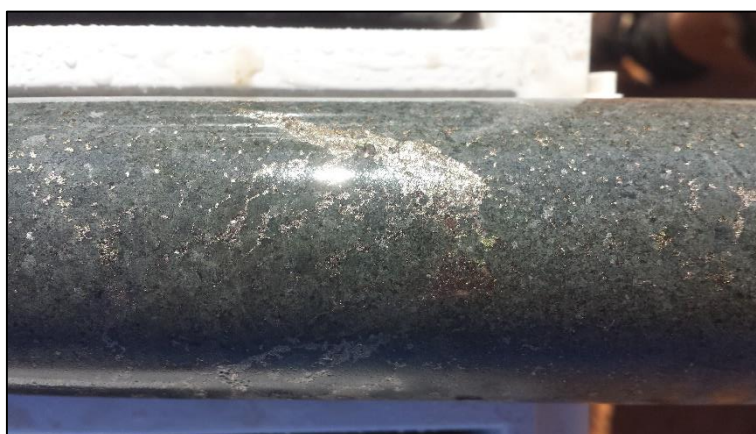
Figure 2 – E21 Target (left) and EM conductor targets (right)

Table 1 – Plumridge drill hole information

Hole ID	Type	Easting	Northing	Dip	Azimuth	EOH
PD001	RC pre-collar	653,798	6,655,102	-80°	105°	346.1m
	Diamond			-80°	105°	843.5m
PRC002	RC	650,603	6,655,552	-60°	140°	196m
PRC003	RC	654,456	6,656,057	-65°	290°	298m

## DIRECTORS' REPORT

Diamond hole PD001 intersected 7 horizons (each one up to 15 metres thick) of pyroxenite, confirming the presence in the sequence of the targeted rock suite that is considered to have the potential to host nickel-copper sulphides. The pyroxenite intrusions contained disseminated sulphides that are interpreted to be of magmatic origin, and are predominantly pyrrhotite and pyrite (iron sulphides) with trace chalcopyrite (copper sulphide). The sulphides demonstrate that the critical process of sulphur saturation has occurred within the system (**Figure 3**). All assay data have been received and confirm the sulphides are predominantly pyrrhotite and pyrite, with minor chalcopyrite.



**Figure 3 – Diamond core from PD001 with pyroxenite hosting magmatic sulphides**

Diamond hole PD001 thus identified magmatic sulphides hosted by pyroxenitic rocks confirming the potential for a mafic-ultramafic intrusive-hosted magmatic sulphide “event” at the E21 Target. The detailed airborne magnetics over E39/1731 show the presence of a distinct “bullseye” magnetic feature approximately 1 kilometre to the west of the drilling. This magnetic target is inferred to represent a larger mafic-ultramafic intrusion with the potential to host nickel-copper sulphides. The pyroxenite lenses in PD001 are being interpreted as peripheral sills/dykes to this larger mafic-ultramafic intrusion (**Figures 4, 5 & 6**).

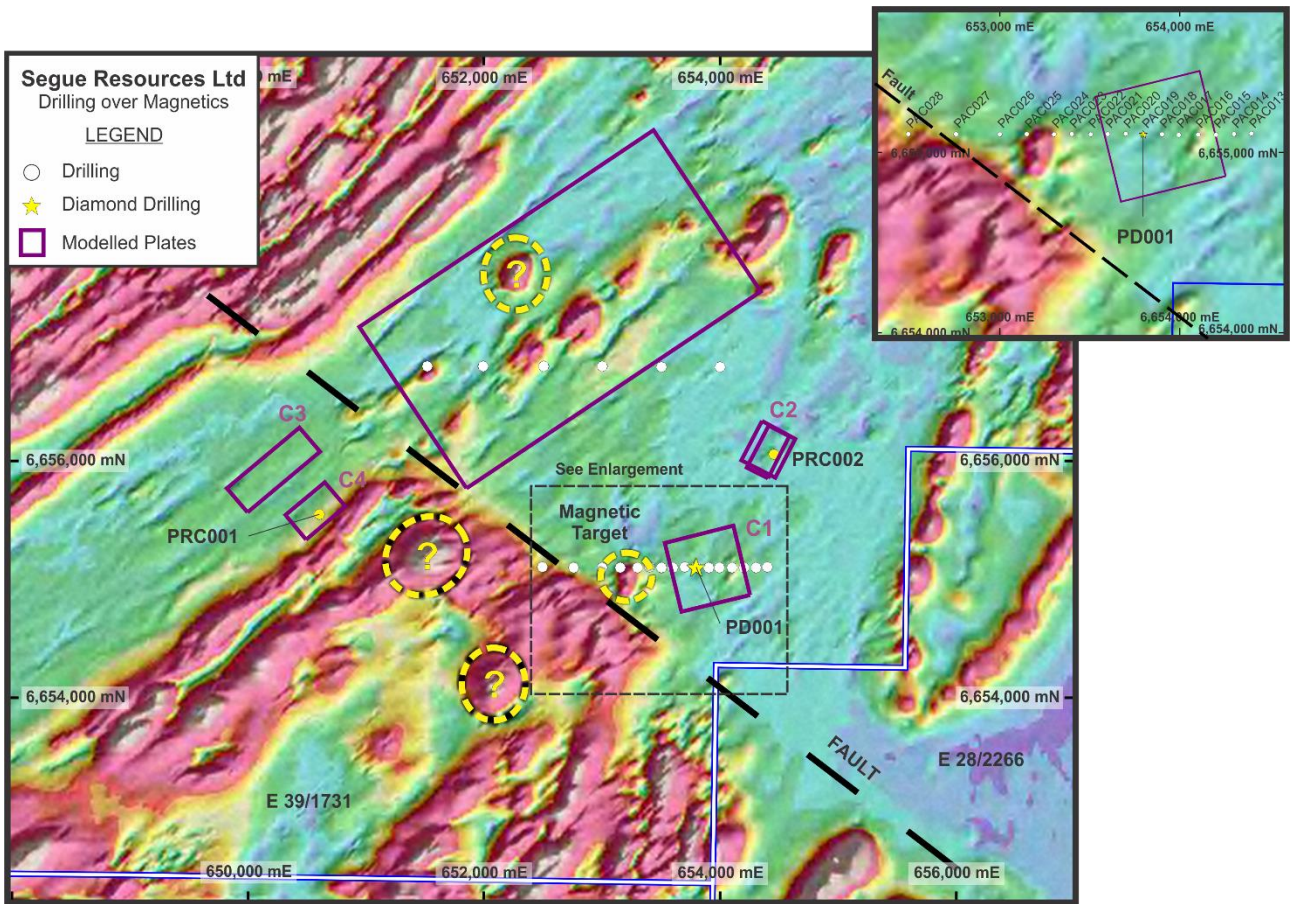


Figure 4 – E21 target showing magnetic image with drilling, modelled conductor plates and magnetic targets

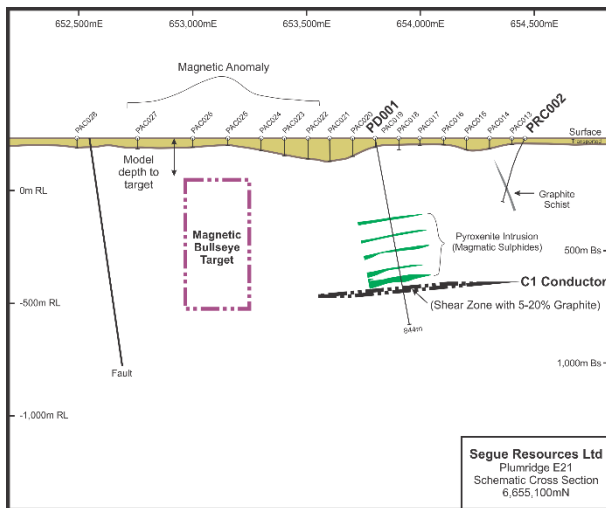


Figure 5 – Schematic cross-section showing the position of PD001 in relation to interpreted magnetic body

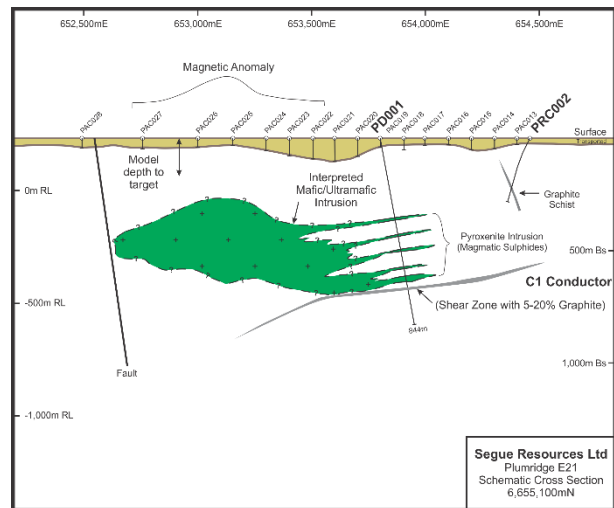


Figure 6 – Interpreted cross section showing the inferred position of a large-scale mafic-ultramafic intrusion

## DIRECTORS' REPORT

### Aircore Drilling Programme

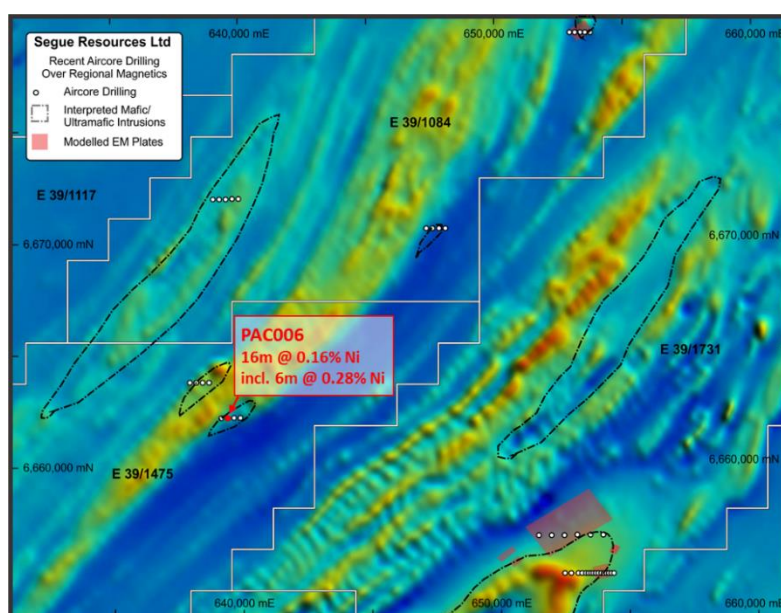
A 48 hole aircore drilling program (2,162 metres) was completed over seven targets at the Plumridge Nickel Project (**Figure 7**). The objective of the drilling was to collect geological and lithochemical data to provide an initial test of the target zones that had been identified in airborne magnetic and Ground Moving Loop EM (**MLEM**) data. Over 700 samples were sent for multi-element geochemical assaying.

The assay results included a maximum assay of 3,130ppm nickel (0.31% Ni), with associated elevated chromium, in PAC006 within a broader intersection of 16 metres at 0.16% Ni from 20 metres (including 6 metres at 0.28% Ni from 22 metres). The lithochemistry in PAC006 is indicative of a mafic-ultramafic rock that will now require follow up assessment. Significant results (above 0.1% Ni) are reported in Table 2.

**Table 2: Significant Drilling Results (using a 0.1% Ni cut-off)**

Hole ID	Easting	Northing	From (m)	To (m)	Width (m)	Ni (ppm)	Cu (ppm)	Co (ppm)	Cr (ppm)	Max Ni <sup>1</sup> (ppm)
PAC006	639449	6662003	20	36	16	1,623	37	158	4,063	3,130
		(including)	22	28	6	2,853	26	294	4,767	3,130

1. Maximum assay value over a 2m interval.



**Figure 7: Location of aircore drill collars over regional magnetics**

### Regional Gravity Survey

During the Period Segue commenced a large-scale, multi-phase gravity survey at the Plumridge Project. The survey is designed to provide immediate detailed coverage over key target areas (E21 Target and E28 Target) whilst also collecting regional data across the majority of the project area (**Figures 8 & 9**). The purpose of the survey is to capture a high quality data set that can be integrated with the existing detailed airborne magnetic data to generate and better define quality targets for follow-up drilling and electromagnetic surveys. The application of 3D Inversion Modeling to both this regional gravity and previously collected aeromagnetic data will be central to this work.

This approach is based on the understanding from published data on the Nova nickel-copper deposit that whilst the magnetic data indicates key geological features of interest (e.g. the Nova "Eye"), the intrusions that actually host the Nova-Bollinger deposits are better identified in the gravity data. Once coincident 3D gravity and magnetic anomalies have been identified and prioritized, detailed ground based electromagnetic surveys can be focused on these to produce direct drilling targets. Experience in other prospective terranes has shown that this 3D modelling and



## DIRECTORS' REPORT

visualisation tends to produce fewer targets than 2D targeting, but that these are far more likely to represent real (ie not false positive) anomalies worthy of drilling.

The program consists of an immediate detailed survey at the E21 Target on an 800m x 100m station spacing. This information will be used in conjunction with the airborne magnetic data to delineate the presence of mafic-ultramafic intrusions within the target area. The survey will then expand to regional areas (1,600m x 100m) to provide an excellent regional dataset that will be critical to generate the next phase of targets.

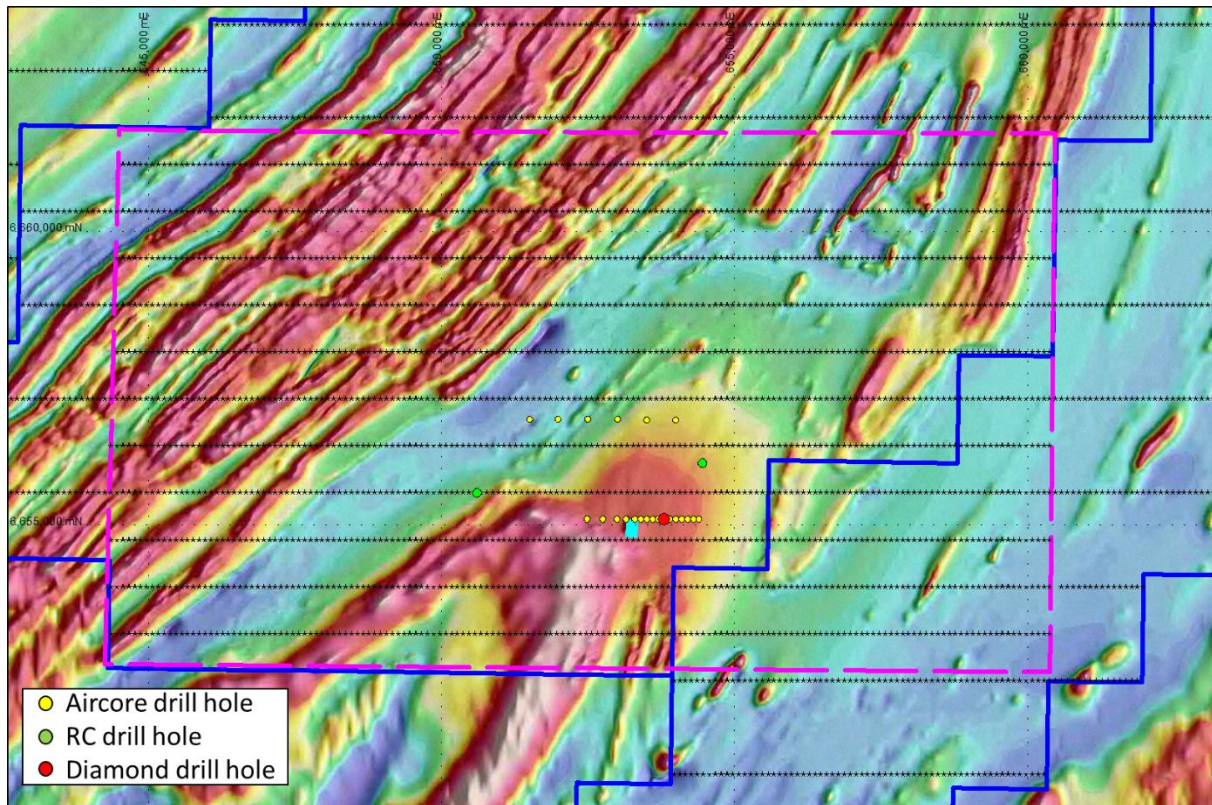
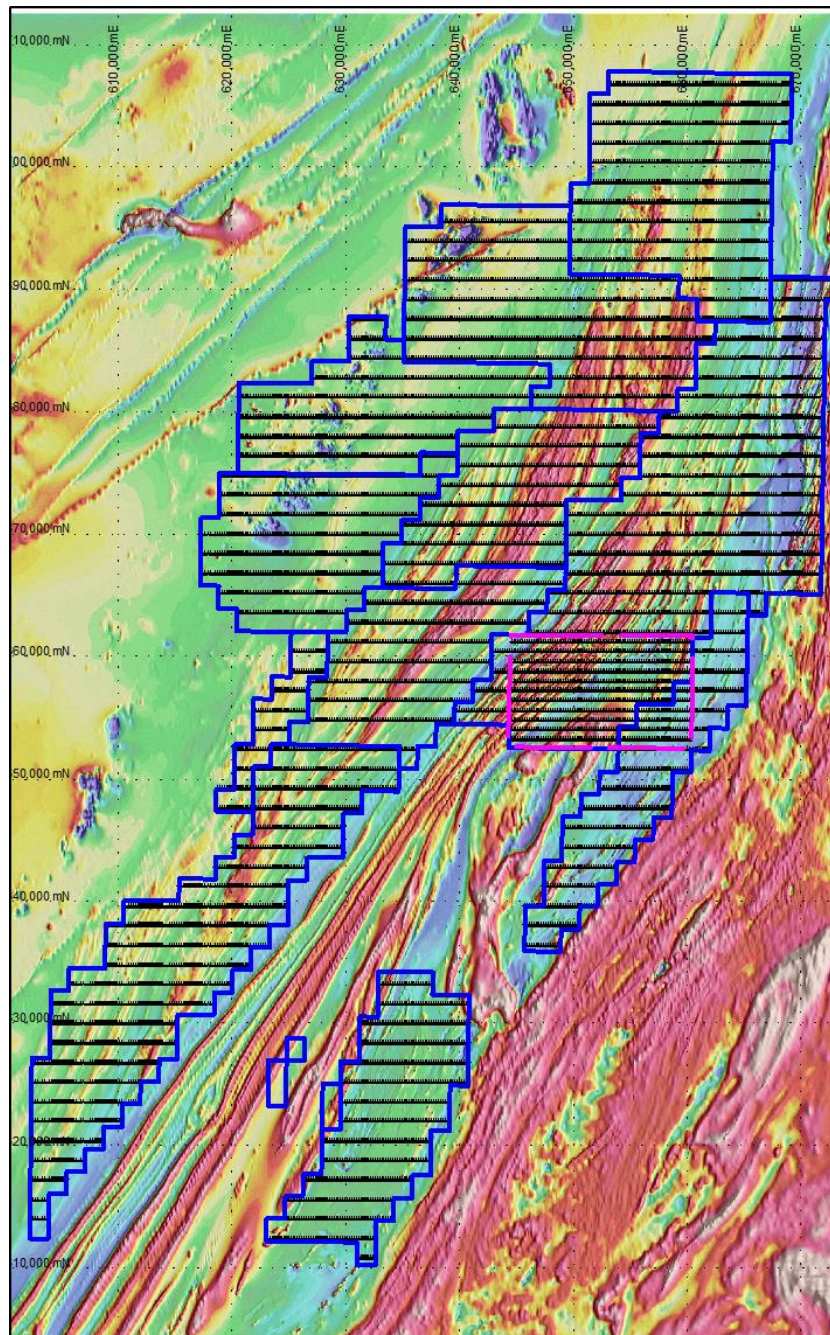


Figure 8 – Detailed gravity survey at E21 Target

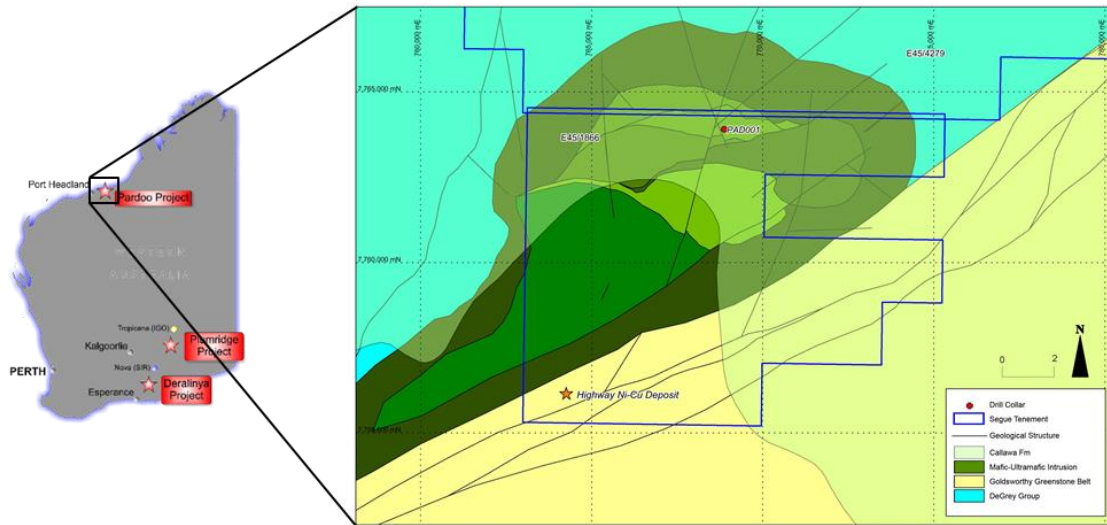


**Figure 9 – Regional gravity survey coverage**  
 Gravity survey lines (Black lines) - Regional coverage – 1600m x 100m  
 Segue tenements (Blue) / Detailed survey (800m x 100m) at E21 Target area (Pink)

**Pardoo Project - Pilbara Region, Western Australia**

The Pardoo Project is located in the Northern Pilbara, 100 kilometres east of the regional centre of Port Hedland (**Figure 10**). The project is prospective for magmatic nickel-copper sulphides. A current inferred resource of 44.7mt @ 0.3% Ni & 0.13% Cu exists at the sedimentary hosted Highway Deposit. The exploration model is that the source of the nickel and copper mineralisation at Highway was derived from what is interpreted to be a large scale mafic-ultramafic intrusive complex to the north of the major fault zone (Pardoo Fault).

# DIRECTORS' REPORT



**Figure 10 – Pardoo location map and interpreted geology**

A revitalised exploration effort at the project over the previous year has defined a coincident geophysical anomaly identified through various phases of airborne magnetic, gravity and fixed loop electromagnetic surveying. The regional gravity anomaly of interest, interpreted as a series of gabbroic, mafic-ultramafic intrusions is covered by a sequence (50-100m) of sedimentary rocks, the Callawa Formation.

To provide an initial test of this concept a single diamond drill hole was completed in November 2014 (**Table 3**).

**Table 3 – Pardoo drill hole information**

Hole ID	Type	Easting	Northing	Dip	Azimuth	EOH
PAD001	Diamond	768,872	7,763,903	-90°	360°	522.2m

Diamond hole PAD001 was drilled to a total depth of 522.3 metres and successfully intersected a 225 metre thick mafic intrusion (gabbro) hosting trace amounts of disseminated pyrite-pyrrhotite-magnetite (**Figure 11**). The mafic intrusion is hosted within a sequence of basalts and volcanoclastic sediments. The results confirm that the large-scale geophysical target is most likely a multi-phase mafic-ultramafic intrusive complex. These types of intrusions are highly prospective for mafic-ultramafic hosted nickel-sulphide deposits.



Figure 11 – Diamond Hole PAD001 Drill Core

With the successful interception of a sulphide bearing, mafic, gabbroic intrusion, further work is planned for 2015 in the form of a detailed gravity survey and further ground based electro-magnetic surveys to delineate further targets worthy of drill testing.

## **DIRECTORS' REPORT**

### **Corporate and Financial**

#### ***Board and Management Changes***

During the Period, Dr Howard Carr and Mr Matthew Foy resigned from the Board (Mr Foy remains as Company Secretary). On 1 September 2014 Segue announced the appointment of Dr Frazer Tabcart as a Non-Executive Director of the Company. Dr Tabcart is a geologist with 25 years' global exploration and resource development experience. After graduating from the Royal School of Mines, London with a degree and PhD in mining geology, he emigrated to Australia and spent 16 years with the Exploration Division of WMC Resources Limited (**WMC**). Dr Tabcart is the Managing Director of ASX-listed African Energy Resources Ltd (ASX: AFR).

On 15 July 2014 Segue advised of the appointment of OMNI GeoX as the Company's geological consultant for the Plumridge Nickel Project. OMNI GeoX is a specialist consultant group providing an Operational Risk Based approach to all aspects of mineral exploration and resource assessments. OMNI GeoX is led by Peter Langworthy (Managing Director) who was previously Executive General Manager – Exploration at the highly successful nickel explorer and producer, Jubilee Mines Limited.

#### ***Acquisition of 100% Interest in Plumridge Gold Joint Venture and Plumridge East Joint Venture***

During the Period Segue advised that it had entered into an unconditional agreement to acquire Fraser Range Metals Group Limited's interest in the Plumridge East Joint Venture (**Joint Venture**) for \$200,000. Segue was earning an 80% interest in the Joint Venture which covered two tenements (E39/1731 and E28/2317) at the Plumridge Nickel Project. Following completion of the transaction (completed in January 2015) Segue now owns a 100% interest in the Joint Venture.

Segue also completed the acquisition of a 100% interest in four exploration tenements at the Plumridge Gold Joint Venture from International Goldfields Limited (**IGS**). Segue initially acquired a 65% joint venture interest in the four tenements and acquired the remaining 35% interest (increasing its stake to 100%) by the payment of \$200,000 and granting IGS a 1% net smelter royalty.

#### ***Share Purchase Plan and Unmarketable Parcel Share Sale Facility***

On 30 June 2014 the Company announced its intention to raise up to \$2 million via a Share Purchase Plan (**SPP**) followed by a Share Sale Facility (**Share Sale**) for those shareholders who do not hold a "marketable parcel" of Segue shares. The SPP was priced at 0.8¢ per share and was not underwritten. The SPP closed heavily oversubscribed with applications for 369.25 million shares totalling \$3.0 million. The Company issued 250.0 million shares for \$2 million and refunded the balance of application funds to the SPP participants.

On 28 July 2014 Segue advised of the establishment of a share sale facility for the holders of unmarketable parcels of the Company's shares. Approximately 2,133 of the Company's then 3,727 shareholders held unmarketable parcels making up approximately 0.27% of the Company's fully paid ordinary shares on issue. The Company facilitated the sale of a total of 4,171,898 shares representing over 90% of shareholders of unmarketable parcels.

#### ***Share Capital***

As at 31 December 2014 the Company had 2,004,261,397 ordinary shares on issue. The Company also had 15,000,000 options exercisable at \$0.01 on or before 18 February 2018 and 76,500,000 options exercisable at \$0.018 on or before 31 January 2016 outstanding.

During the Period the Company advised that 11,800,000 options exercisable at \$0.051 on or before 8 November 2014 had lapsed unexercised.

## DIRECTORS' REPORT

### Appendix A – Schedule of Tenements as at 31 December 2014

Tenement ID	Status	Interest at beginning of the half year	Interest acquired or disposed	Interest at end of the half year
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#### Plumridge Project

E28/1475	Granted	65%	35%	100%
E28/2266	Granted	100%	0%	100%
E28/2267	Granted	100%	0%	100%
E28/2317	Granted	0%	100%	100%
E28/2387	Granted	0%	100%	100%
E28/2388	Granted	0%	100%	100%
E28/2391	Granted	0%	100%	100%
E39/1084	Granted	65%	35%	100%
E39/1117	Granted	65%	35%	100%
E39/1118	Granted	65%	35%	100%
E39/1709	Granted	100%	100%	100%
E39/1710	Granted	100%	0%	100%
E39/1731	Granted	0%	100%	100%
E28/2385	Pending	0%	0%	0%
E28/2390	Pending	0%	0%	0%
E28/2392	Pending	0%	0%	0%
E28/2393	Pending	0%	0%	0%
E39/1830	Pending	0%	0%	0%

## DIRECTORS' REPORT

Tenement ID	Status	Interest at beginning of the half year	Interest acquired or disposed	Interest at end of the half year
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### Deralinya Project

E63/1521	Granted	100%	0%	100%
E63/1522	Granted	100%	0%	100%
E63/1523	Granted	100%	0%	100%
E63/1524	Granted	100%	0%	100%

### Pardoo Project

E45/1866 <sup>1</sup>	Granted	100%	0%	100%
E45/3383	Granted	100%	(100%)	0%
E45/4279	Granted	0%	100%	100%

<sup>1</sup> During the Period the Company reduced the tenement size from 34 graticular blocks to 28 graticular blocks.

### Competent Persons Statement

The information in this report that relates to Exploration Results or 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**

### **EVENTS AFTER THE BALANCE SHEET DATE**

Subsequent to the reporting period on 27 January 2015 Segue completed a placement of 22,347,561 shares at 0.492¢ per share to Acuity Capital Pty Ltd pursuant to the Controlled Placement Agreement entered into on 19 September 2014 and to Omni GeoX as a partial reinvestment of geological consulting fees.

On 16 February 2015, Segue advised that data acquisition for the detailed gravity survey covering the high priority E21 Target at the Plumridge Nickel Project in the Fraser Range Province had been completed. The gravity survey consisted of 800 metre lines with 100 metre stations for a total of 2,063 stations covering an area of approximately 150km<sup>2</sup>.

Data from the detailed gravity survey over the E21 Target was sent to Segue's geophysical consultants for processing and integrated 3D inversion modelling of the magnetic and gravity data. The results of the 3D inversion modelling will form the basis for targeting the Company's next phase of drilling. The modelling of the data is aimed at defining coincident magnetic and gravity anomalies either as discrete targets or corridors. These targets will then be assessed for follow-up electromagnetic surveys and/or drill programmes.

Apart from the matters set out above, there have been no events subsequent to balance date of a nature that would require disclosure.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no events of a material nature that have affected significantly the results or state of affairs of the Company.




## DIRECTORS' REPORT

### AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307c of the *Corporation Act 2001*, we have obtained an independence declaration from our auditors, Pitcher Partners Corporate & Audit (WA) Pty Ltd, which is included on page 17.

Signed in accordance with a resolution of the Directors.



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**Steven Michael**

**Managing Director**

Perth, 13 March 2015

## AUDITOR'S INDEPENDENCE DECLARATION

### To the Directors of Segue Resources Limited and its controlled entities.

In relation to the independent review for the half-year ended 31 December 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*
- (ii) No contraventions of any applicable code of professional conduct.

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

*Pitcher Partners Corporate & Audit (WA) Pty Ltd*

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



Paul Mulligan  
Executive Director  
Perth, 13 March 2015

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
**AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31 Dec 2014	31 Dec 2013
	\$	\$
<b>Continuing operations</b>		
Finance income	7,434	8,101
Other income	62,235	35,000
Profit on sale of shares	67,500	-
<i>Expenses</i>		
Employee benefits expenses	(439,348)	(164,348)
Consultancy fees	-	(918)
Occupancy expenses	(16,128)	(10,580)
Exploration expenditure	(38,323)	-
Finance costs	(4)	(12,418)
Depreciation expenses	(8,869)	(330)
Impairment expenses	-	(21,325)
Administration and other expenses	(294,211)	(168,432)
Loss before income tax	(659,714)	(335,250)
Income tax expense	-	-
<b>Loss from continuing operations for the period</b>	<b>(659,714)</b>	<b>(335,250)</b>
<b>Other comprehensive income / (loss)</b>		
Items that may be reclassified subsequently to profit or loss		
Exchange loss on translation of foreign operations	-	(31,062)
<b>Total other comprehensive loss</b>	<b>-</b>	<b>(31,062)</b>
<b>Total comprehensive loss for the period</b>	<b>(659,714)</b>	<b>(366,312)</b>
<b>Loss per share</b>		
	Cents	Cents
- Basic loss	(0.034)	(0.057)
- Diluted loss	(0.034)	(0.057)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2014**

	Note	31 Dec 2014 \$	30 Jun 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		731,829	738,685
Trade and other receivables		134,163	22,926
Prepayments		14,102	7,051
<b>Total current assets</b>		<b>880,094</b>	<b>768,662</b>
<b>Non-Current Assets</b>			
Exploration and evaluation costs	3	6,417,096	4,806,558
Property, plant and equipment		27,279	-
<b>Total non-current assets</b>		<b>6,444,375</b>	<b>4,806,558</b>
<b>TOTAL ASSETS</b>		<b>7,324,469</b>	<b>5,575,220</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		368,360	403,475
<b>Total current liabilities</b>		<b>368,360</b>	<b>403,475</b>
<b>TOTAL LIABILITIES</b>		<b>368,360</b>	<b>403,475</b>
<b>NET ASSETS</b>		<b>6,956,109</b>	<b>5,171,745</b>
<b>EQUITY</b>			
Contributed Equity	4	25,560,421	23,209,714
Reserves		537,024	443,652
Accumulated losses		(19,141,336)	(18,481,621)
<b>TOTAL EQUITY</b>		<b>6,956,109</b>	<b>5,171,745</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

<b>CONSOLIDATED</b>	<b>Contributed equity</b>	<b>Share based payment reserve</b>	<b>Foreign currency translation reserve</b>	<b>Investment reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2013</b>	18,533,731	726,927	(559,331)	(150)	(17,025,490)	1,675,687
Comprehensive Income:						
Loss for the half year	-	-	-	-	(335,250)	(335,250)
Other comprehensive income	-	-	(31,062)	-	-	(31,062)
Total comprehensive income	-	-	(31,062)	-	(335,250)	(366,312)
Transactions with owners in their capacity as owners:						
Issue of shares	1,100,000	-	-	-	-	1,100,000
Share Buy-backs	(1,075)	-	-	-	-	(1,075)
Transaction with equity holders	1,098,925	-	-	-	-	1,098,925
<b>At 31 December 2013</b>	<b>19,632,656</b>	<b>726,927</b>	<b>(590,393)</b>	<b>(150)</b>	<b>(17,360,740)</b>	<b>2,408,300</b>
<b>At 1 July 2014</b>	23,209,714	920,772	(476,970)	(150)	(18,481,621)	5,171,745
Comprehensive Income:						
Loss for the half year	-	-	-	-	(659,714)	(659,714)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(659,714)	(659,714)
Transactions with owners in their capacity as owners:						
Issue of shares	2,353,207	-	-	-	-	2,353,207
Share Buy-backs	(2,500)	-	-	-	-	(2,500)
Share based payments	-	93,372	-	-	-	93,372
Transaction with equity holders	2,350,707	93,372	-	-	-	2,444,079
<b>At 31 December 2014</b>	<b>25,560,421</b>	<b>1,014,144</b>	<b>(476,970)</b>	<b>(150)</b>	<b>(19,141,336)</b>	<b>6,956,109</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31 Dec 2014	31 Dec 2013
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(563,406)	(409,618)
Interest received	7,434	8,101
Other income	62,236	-
Interest paid	(4)	-
Other payments	(16,128)	(27,189)
<b>Net cash outflow from operating activities</b>	<b>(509,868)</b>	<b>(428,706)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of prospects	-	2,133,851
Proceeds from sale of shares	67,500	-
Payment for exploration costs	(1,879,048)	(291,530)
Payment for acquisition of mining assets	-	(289,113)
Payment for property, plant & equipment	(36,147)	-
<b>Net cash outflow from investing activities</b>	<b>(1,847,695)</b>	<b>1,553,208</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for shares bought back	(2,500)	(950)
Proceeds from issue of shares	2,353,207	-
Repayment of borrowings	-	(873,567)
<b>Net cash inflow from financing activities</b>	<b>2,350,707</b>	<b>(874,517)</b>
Net decrease in cash and cash equivalents	(6,856)	249,985
Effect of exchange rate movement	-	26,973
Balance at the beginning of the period	738,685	34,858
<b>Balance at the end of the period</b>	<b>731,829</b>	<b>311,816</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### 1. CORPORATE INFORMATION

The financial report of Segue Resources Limited (the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 13 March 2015. Segue Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The principal activities of the Group are to explore for mineral resources in Australia.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. The consolidated financial statements of the Company for the half-year ended 31 December 2014 include the Company and its controlled entities, together referred to as the "Consolidated Entity" or "Group".

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Segue Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the Consolidated Entity and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The Group has adopted all of the new and revised Standards and Interpretations issues by the Australian Accounting Standard Board ("AASB") that are relevant to their operations and effective for the current reporting period. The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

The AASB has issued new Standards, Amendments and Interpretations to existing standards which have been published but are not yet effective, and have not yet been adopted early by the Group. The new Standards, Amendments and Interpretations that may be relevant to the Group's financial statements are provided below.

Standard / Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i> and AASB2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2017
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2017

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Going Concern

The interim condensed consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2014 of \$659,714 (31 December 2013: \$335,250), and a net cash outflow from operating and investing activities of \$2,357,563 (31 December 2013: net inflows \$1,124,502). Net assets of the Group as at 31 December 2014 were \$6,956,109 (30 June 2014: \$5,171,745).

The Group's ability to continue as a going concern and pay its debts as and when they fall due is dependent upon the Group raising additional capital via any means available to it inclusive of, but not limited to, placements, option conversions, rights issues, or joint venture arrangement in a timely manner in order to fund the ongoing exploration and operation activities.

The Directors have reviewed the business outlook and cash flow forecasts after taking into account the above matters and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will achieve the matters set out above and be able to pay its debts as and when they fall due.

The interim condensed consolidated financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the interim condensed consolidated financial statements may have to be prepared on a different basis and, if so, the basis used will be disclosed.

### 3. EXPLORATION AND EVALUATION COSTS

	31 Dec 2014	30 Jun 2014
	\$	\$
Balance at the beginning of the period	4,806,558	520,000
Exploration expenditure incurred	1,610,538	3,666,582
Fair Value of tenements on acquisition (i)	-	1,026,188
Impairment of exploration assets	-	(406,212)
Balance at the end of the period	<b>6,417,096</b>	<b>4,806,558</b>

Tenement acquisition costs consist of the following initial consideration in respect of the acquisition of the three companies that hold the Fraser Range Tenements :

<i>Exploration asset acquired through acquisition of the Fraser Range Project</i>	31 Dec 2014	30 Jun 2014
	\$	\$
Exploration and evaluation recognised on acquisition of Fraser Range Resources Pty Ltd	-	704,852
Exploration and evaluation recognised on acquisition of Becrux Pty Ltd	-	160,666
Exploration and evaluation recognised on acquisition of Distant Island Pty Ltd	-	160,670
	<b>-</b>	<b>1,026,188</b>

At the date of acquisition the directors assessed the fair value of the Fraser Range Project at \$1,026,188. The value of the equity issued as part of the acquisition totaling \$1,100,000 was valued based on the Company's 20-day VWAP of \$0.002 per share.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### 3. EXPLORATION AND EVALUATION COSTS (continued)

The Fraser Range Project has been accounted for as an asset acquisition and recognised at the above fair value at acquisition.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation.

### 4. CONTRIBUTED EQUITY

Issued Capital	31 Dec 2014 Nos.	30 June 2014 Nos.	31 Dec 2014 \$	30 Jun 2014 \$
<b>(a) Share capital</b>				
Fully Paid Ordinary Shares	2,004,261,397	1,743,612,749	25,560,421	23,209,714

	CONSOLIDATED	
	Nos.	\$
<b>(b) Movements in share capital</b>		
Balance at 1 July 2014	1,743,612,749	23,209,714
Shares issued 24 July 2014	250,000,000	2,000,000
Shares issued 19 September 2014	9,500,000	118,750
Shares issued 14 October 2014 (exercise of options)	5,000,000	50,000
Shares issued 23 October 2014 (exercise of options)	5,000,000	50,000
Shares issued 24 October 2014 (exercise of options)	16,148,648	200,000
Cancellation of shares	(25,000,000)	(2,500)
Costs of issue	-	(65,543)
Balance at 31 December 2014	<b>2,004,261,397</b>	<b>25,560,421</b>

	CONSOLIDATED	
	Nos.	\$
<b>(c) Movements in share capital</b>		
Balance at 1 July 2013	547,662,798	18,533,731
Employee Share Scheme Buy Back issued 07/10/2013	(10,750,000)	(1,075)
Shares issued 16/12/2013 (Acquisition of Fraser Range tenements)		
Ordinary Shares	50,000,000	100,000
Escrowed by ASX 16/12/2013	500,000,000	1,000,000
Balance at 31 December 2013	<b>1,086,912,798</b>	<b>19,632,656</b>

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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### (d) Options outstanding at 31 December 2014

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

	Expiry date	Nos.	Exercise price \$
Balance at 1 July 2014			
Options	31/01/2016	76,500,000	0.018
Options	18/02/2018	15,000,000	0.010
		<b>91,500,000</b>	

These options are unlisted.

## 5. SEGMENT INFORMATION

AASB 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the geographical location of the exploration program.

The company has one operating segment that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the half-year periods ended 31 December 2013 and 31 December 2014.

## 6. COMMITMENTS & CONTINGENCIES

### (i) Tenement Expenditure Commitments

	2014 \$	2013 \$
Up to 1 year	2,188,000	1,545,117
Between 1 and 5 years	-	-
Later than 5 years	-	-
	<b>2,188,000</b>	<b>1,545,117</b>

The expenditure commitment for the Group for later than two 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.

### (ii) Rental Lease Commitments

On 1 September 2014, Segue entered into a two year lease agreement for premise at Unit 16, 40 St Quentins Avenue, Claremont. The annual cost of the lease agreement is \$33,902.

## 7. FAIR VALUES OF FINANCIAL INSTRUMENTS

### Recurring fair value measurements

The Consolidated Entity does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

### Fair values of financial instruments not measured at fair value

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

### **7. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

Due to their short term nature, the carrying amount of current receivables, current trade and other payables and current interest-bearing liabilities is assumed to approximate their fair value.

### **8. EVENTS AFTER THE BALANCE SHEET DATE**

Subsequent to the reporting period on 27 January 2015 Segue completed a placement of 22,347,561 shares at 0.492¢ per share to Acuity Capital Pty Ltd pursuant to the Controlled Placement Agreement entered into on 19 September 2014 and to Omni GeoX as a partial reinvestment of geological consulting fees.

On 16 February 2015, Segue advised that data acquisition for the detailed gravity survey covering the high priority E21 Target at the Plumridge Nickel Project in the Fraser Range Province had been completed. The gravity survey consisted of 800 metre lines with 100 metre stations for a total of 2,063 stations covering an area of approximately 150km<sup>2</sup>.

Data from the detailed gravity survey over the E21 Target was sent to Segue's geophysical consultants for processing and integrated 3D inversion modelling of the magnetic and gravity data. The results of the 3D inversion modelling will form the basis for targeting the Company's next phase of drilling. The modelling of the data is aimed at defining coincident magnetic and gravity anomalies either as discrete targets or corridors. These targets will then be assessed for follow-up electromagnetic surveys and/or drill programmes.

Apart from the matters set out above, there have been no events subsequent to balance date of a nature that would require disclosure.

### **9. RELATED PARTY DISCLOSURES**

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

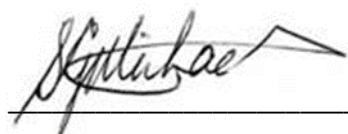
## DIRECTORS' DECLARATION

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

In the opinion of the Directors:

1. The financial statements and notes set out on pages 18 – 26 are in accordance with the *Corporations Act 2001*, including:
  - a) complying with AASB 135 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Consolidated Entity at 31 December 2014 and of their performance for the half year ended on that date.
2. There are reasonable grounds to believe that the Group 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*.

On behalf of the Board



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**Steven Michael**

**Managing Director**

Perth, 13 March 2015

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

We have reviewed the accompanying half-year financial report of Segue Resources Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, 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 period's end or from time to time during the half year.

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

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Segue Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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

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

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the Segue Resources Limited incurred a net loss of \$659,714 during the half-year ended 31 December 2014 and, as of that date, Segue Resources Limited net cash outflow from operating and investing activities was \$2,357,563. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Segue Resources Limited's ability to continue as a going concern and therefore, the Segue Resources Limited may be unable to realise its assets and discharge its liabilities in the normal course of business.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



Paul Mulligan  
Executive Director  
Perth, 13 March 2015