segue

RESOURCES LTD

ABN 49 112 609 846

Annual Financial Report
30 June 2013

CORPORATE DIRECTORY

Directors

Steven Michael	Managing Director
Nicholas Ong	Non-Executive Director
Matthew Foy	Non-Executive Director
Howard Carr	Technical Director

Company Secretary

Matthew Foy

Registered Office

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

Telephone:	(08) 9486 4699
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Email:	info@segueresources.com

Auditors

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
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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MANAGING DIRECTOR'S LETTER

Dear Shareholder,

On behalf of your Directors, I am pleased to present the Company's 2013 Annual Report and Financial Statements.

The past 12 months have been a very trying time in equity markets, especially for junior exploration companies – Segue being no exception. However, subsequent to year end, Segue successfully completed the sale of 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 July 2013 and Segue is now financially robust with over $1.2 million in cash and no debt.

At the Pardoo Project in Western Australia, Segue's joint venture partner, White Eagle Resources Ltd, completed a limited re-evaluation of the Pardoo Nickel Project to identify additional exploration targets. However, White Eagle was unable to relist on the ASX by 30 June 2013 and therefore the joint venture agreement was terminated. Segue retains a 100% interest in all four exploration tenements in the Pardoo Project.

Subsequent to year end, Segue entered into an agreement to dispose of two of its Pardoo tenements (E45/2146 and E45/3464) to White Eagle. The tenements sold to White Eagle contain the Supply Well zinc prospect, with Segue retaining two tenements (E45/1866 and E45/3383) which contain the Highway nickel-copper deposit. Segue has a 5.3% shareholding in White Eagle.

For the year ended 30 June 2013, Segue recorded a net loss of $5,722,168 (FY12: loss of $5,852,656) which includes a write down in the carrying value of the Pardoo Project of $1,855,502. The Board of Segue believes that the Company is now in a secure financial position and the value of its assets reflects the current marketplace for early stage exploration assets.

Segue is continuing exploration at the Pardoo Project, which remains highly prospective for the discovery of new magmatic sulphide nickel and copper deposits. The existing Highway nickel-copper deposit clearly demonstrates the presence of a significant mineralising system associated with a series of mafic-ultramafic intrusions. The interpreted basal unit has been identified as the priority area for the next phase of evaluation in late 2013.

Following the sale of the Emang Manganese Project, Segue's two South African directors, Mr Ian Benning and Mr Rob van Zyl stepped down from the Board. I would like to thank Ian and Rob for their contributions to Segue and ensuring the successful sale of the Emang Manganese Project.

I thank the shareholders of Segue for their support over the past year and believe that the Company is now prepared to move forward with the Pardoo Project and also continue to review and assess new exploration opportunities in Australia and Africa.

Steven Michael

Managing Director
Segue Resources Ltd

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2013.

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.

Ian Benning	Non-Executive Chairman (resigned 26 June 2013)
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)
Howard Carr	Technical Director (appointed 16 September 2013)

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 and is a Member of the Institute of Chartered Accountants in Australia.

Other current directorships

Nil.

Former directorships in last 3 years

Nil.

Nicholas Ong – Non-Executive Director

Mr Ong was a Principal Adviser at the ASX in Perth and brings seven 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 Chartered Secretaries Australia and has a MBA from the University of Western Australia.

Other current directorships

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

Former directorships in last 3 years

Nil.

Matthew Foy – Non-Executive Director (appointed 17 July 2013) 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 Chartered Secretaries Australia, has a Graduate Diploma (Applied Finance) from FINSIA and a B.Com from the University of Western Australia.

Other current directorships

Nil.

Former directorships in last 3 years

Executive Director of Auroch Minerals NL. (resigned January 2013).
Executive Director of SWW Energy Ltd. (resigned September 2013).

Dr Howard Carr – Technical Director (appointed 16 September 2013)

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

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

Auditor

Mr Neil Smith is the signing partner for Segue Resources Limited. Mr Smith is a partner of Deloitte Touche Tohmatsu who continue in office in accordance with Section 327 of the Corporations Act 2001.

PRINCIPAL ACTIVITIES

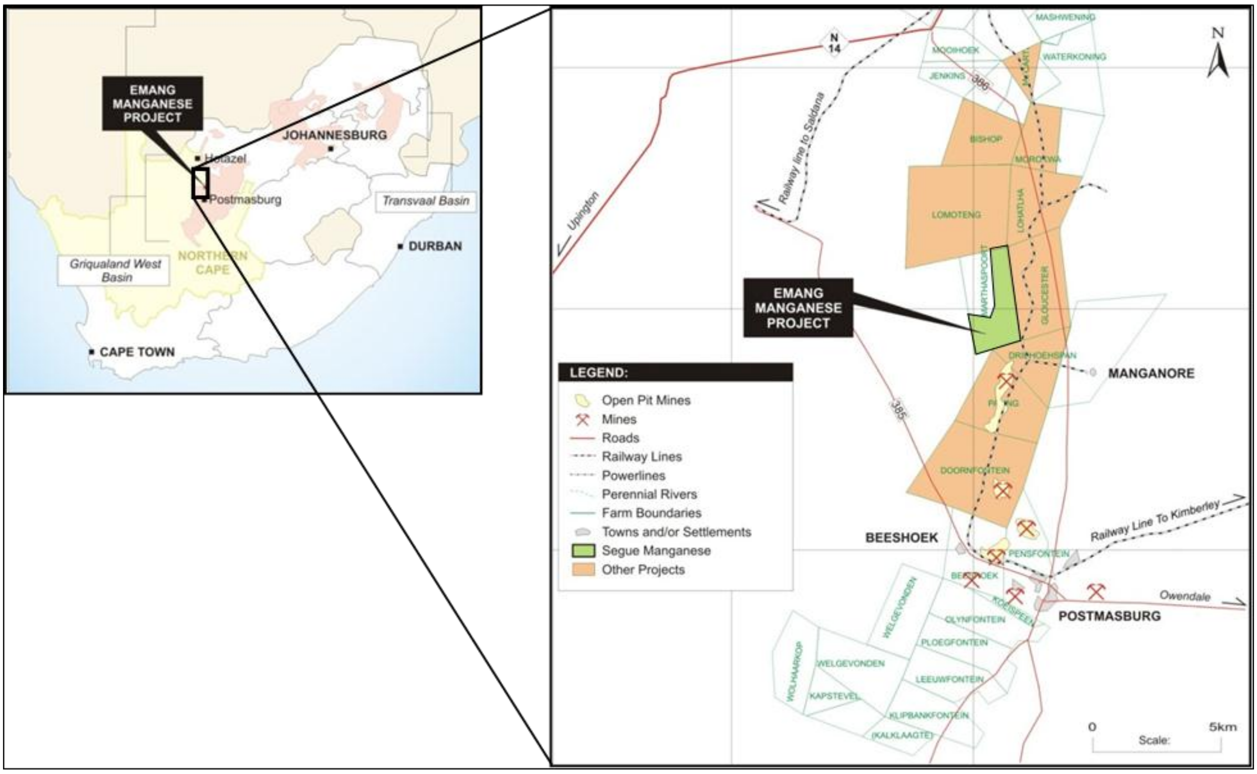
The principal activities of the Company during the year were mineral exploration, identification of potential mining assets for acquisition and development, and raising capital to fund those opportunities.

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

EMANG MANGANESE PROJECT, SOUTH AFRICA

In July 2011, Segue entered into a farm-in agreement to acquire up to a 51% interest in the Emang Manganese Project (**Emang Project**) in South Africa. The Emang Project covers 1,668 hectares within the western limb of the Postmasburg Manganese Field between Sishen and Postmasburg in the Northern Cape Province of South Africa. The Northern Cape Province contains the bulk of South Africa's economic manganese resources and is one of the largest manganese producing regions in the world.

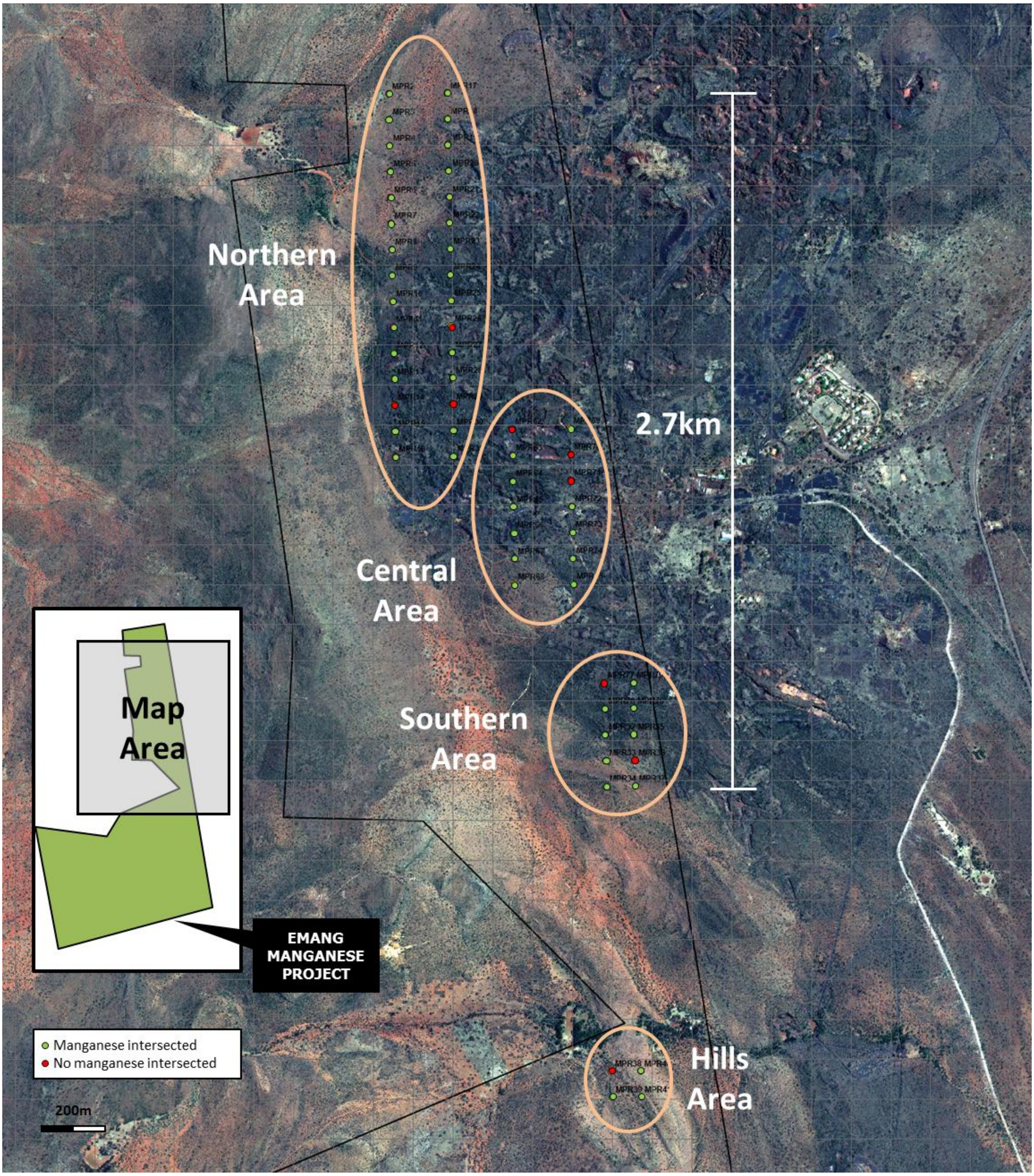
Figure 1 – Emang Manganese Project Location Map



Segue commenced drilling at the Emang Project in October 2011 and completed a total of 62 reverse circulation and 9 diamond drill holes for a total of 2,750 metres. The drilling focussed on areas of outcropping manganese mineralisation covering around 20% of the total Prospecting Right area. Around 80% of all drill holes intersected manganese with most intersections starting less than 15 metres from surface. In addition, a large number of drill holes intersected multiple zones of manganese, with a maximum thickness of 27 metres.

The Initial Drilling Programme identified four areas of manganese mineralisation, three in the northern portion of the Prospecting Right comprising the Northern, Central and Southern Areas, and one in the Hills Area which lies approximately 500m further south. The Northern, Central and Southern Areas have a combined strike length of 2.7 kilometres and lie adjacent to historical manganese mine workings on both the Emang and neighbouring properties (see Figure 2).

Figure 2 – Drill Collar Locations



In April 2012 the Company announced a maiden inferred resource at the Emang Project, which was subsequently upgraded in September 2012 following a review of the initial resource estimate (Table 1). The majority of the resource at the Emang Project lies within 30 metres of surface and is likely to be amenable to shallow open pit mining with a low waste to ore ratio.

Table 1 – Emang Mineral Resource1

	Mt	Mn	Fe	SiO_2	Al_2O_3	P_2O_5
Inferred Resource	16.5	24.8%	20.6%	16.4%	11.7%	0.08%

1. Cut-off grade for the Emang Global Resource is 20% Mn.

In late 2012, Segue commenced discussions with various parties involved in the marketing and purchasing of manganese ores to provide funding for Segue's continued investment in the Emang Project. The discussions considered several funding alternatives, including a share placement in Segue, convertible note issue, project participation and prepaid off take funding.

All of the alternatives presented to Segue required additional funds to be raised either from existing Segue shareholders or through new equity investors. With the deterioration in equity markets and Segue's share price, a decision was taken to expand the range of potential investors to include global manganese mining companies and South African companies which may have an interest in entering the manganese sector.

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, with the consideration to be paid in three instalments. On 26 June 2013 Segue advised that the payment terms had been favourably revised and reduced to a single payment of R19.8 million (A$2.13 million). The transaction was approved by Segue shareholders on 24 July 2013 and proceeds were received in full on 5 August 2013.

PARDOO PROJECT, WESTERN AUSTRALIA

Segue has a 100% interest in the Pardoo Project, which consists of four contiguous exploration licenses (E45/1866, E45/2146, E45/3383 and E45/3464) covering 174 square kilometres 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 iron ore, nickel and copper.

Figure 3 – Location of Pardoo Tenements

Pardoo Nickel and Base Metal Project, Western Australia

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 3 – 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
Total Inferred Resource	**50.0**	**0.03**	**0.13**	**0.03**	**2.65**

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

During the year, Segue's joint venture partner, White Eagle Resources Ltd, completed a re-evaluation of the Pardoo Nickel Project to identify additional exploration targets. However, White Eagle was unable to meet certain joint venture requirements by 30 June 2013 and the joint venture agreement was terminated with White Eagle having no residual interest in any of the Pardoo tenements.

Subsequent to year end, Segue entered into an agreement to dispose of two of its Pardoo tenements (E45/2146 and E45/3464) to White Eagle. The tenements sold to White Eagle contain the Supply Well zinc prospect, with Segue retaining two tenements (E45/1866 and E45/3383) which contain the Highway nickel-copper deposit.

Pardoo Iron Ore Project, Western Australia

Segue's Pardoo Iron Ore Project is located approximately 120 kilometres east of Port Hedland and 15 kilometres from the coast. The project is close to key infrastructure including railway, gas and electric power. Abundant good quality ground water is also available from the Canning Basin immediately to the north of the project. In addition, the Project is located less than 10 kilometres north of the BHP-Goldsworthy Iron Ore Mine which produced 157 million tonnes of "direct shipping ore" over the period 1966 to 1982.

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

TENEMENT SCHEDULE (30 JUNE 2013)

Table 4 – Tenement Schedule

Tenement	Holder	Interest	Granted	Expiry
E45/1866	Segue (Pardoo) Limited	100%	09/02/2004	08/02/2014
E45/3383	Segue (Pardoo) Limited	100%	20/10/2009	19/10/2014
E45/2146	Segue (Pardoo) Limited	100%[1]	05/10/2004	04/10/2013
E45/3464	Segue (Pardoo) Limited	100%[1]	14/04/2010	13/05/2015

1. These tenements have been sold to White Eagle (subject to shareholder approval).

BOARD CHANGES

Following the sale of Segue interest in the Emang Project, Mr Ian Benning resigned from the Board of Segue on 26 June 2013. Mr Benning had been a member of the Board of Segue since June 2011 and Chairman since February 2012. In addition Mr Robert van Zyl resigned from the Board of Segue on 17 July 2013.

Segue's Company, Secretary, Mr Matthew Foy joined the Board in on 17 July 2013 as a Non-Executive Director. Dr Howard Carr joined the Board on 16 September 2013 as Technical Director.

The information in this Annual Report that relates to Mineral Resources at the Emang Manganese Project is based on information reviewed by Mr Vimal Bansi who is a full time employee of RSV GEM. Mr Bansi is a senior geostatistician and resource geologist with over 20 years' African project evaluation including extensive involvement with mineral projects throughout South Africa. He is a member of the South African Council for Natural Scientific Professions, and qualifies as an 'Expert', 'Competent Person' and 'Qualified Person' as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bansi consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

The information in this Annual Report relating to Mineral Resources at the Pardoo Nickel Project is based on information compiled by Mr John Graindorge who is a full time employee of Snowden Mining Industry Consultants. Mr Graindorge is a Member of the Australian Institute of Mining and Metallurgy and consents to the inclusion in this Annual Report of the information presented. He has sufficient experience relevant to the style of mineralisation and type of deposit described to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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 2013 was $5,772,168 (2012: ($5,852,656)) the net loss included the following items:

- Impaired exploration and evaluation expenditure of $4,366,610 (2012: $3,120,754); and
- Director's fees excluding share based payments of $144,000 (2012: $166,620).

Summary of Financial Position

At 30 June 2013 the Group's cash reserves were $34,858 (2012: $233,354). The decrease in cash was due to net cash used in operating activities of $947,420 (2012: $1,326,636), net cash used in investing activities of $124,643 (2012: $4,206,798). Net assets of the Group as at 30 June 2013 were $1,675,688 (2012: $7,611,545).

Significant Changes in the State of Affairs

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

Significant Events After Balance Date

(a) 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.

(b) The Group has settled its obligations towards its borrowings from the sale proceeds of its interest in the Emang Managnese Project.

(c) 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. This sale is subject to shareholders approval. Should the sale be approved by the shareholders, the Group's minimum expenditure commitment would for 2013 financial year reduce from $212,000 to $122,000.

(d) In July 2013, the Group sold 15 million shares in White Eagle Resources Limited for a cash consideration of $15,000. This has reduced the Group's holding in White Eagle Resouces Limited from 15.26% at reporting date to 5.31%.

(e) On 16 September 2013 Dr Howard Carr was appointed as Technical Director of the Company.
Other than the above, 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 economic entity, through its joint venture arrangements will continue the exploration and evaluation of the iron ore prospectively at the Pardoo Project; and
- The economic entity 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.

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 Ian Benning	Executive Director (resigned 26/06/2013)
Mr Nicholas Ong	Non-executive Director
Mr Robert van Zyl	Executive Director (resigned 17/07/2013)
Dr Eric Lilford	Non-executive Director (resigned 22/02/2012)
Mr Matthew Foy	Company Secretary (appointed 13/07/2011) Non-executive Director (appointed 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.

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, receive a fixed fee for their services of $36,000 per annum including statutory superannuation for services performed.

The executive Chairman is entitled to charge up to an additional $500 per month subject to the level of company activity during the month.

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

The grant of Options to directors is designed to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

The terms and conditions of each grant of options affecting remuneration of the current and previous year are as follows:

Number of options	Grant date	Date vested and exercisable	Expiry date	Class of shares	Exercise price	Value per option at grant date
11,800,000	08/11/2011	08/11/2011	08/11/2014	Ordinary	$0.051	$0.0166

Options granted carry no dividend or voting rights. The grant date equals the vesting date for the above options.

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

	No. of options granted during the year		No. of options vested during the year	
Name	2013	2012	2013	2012
Directors				
S. Michael	-	11,800,000	-	11,800,000
I. Benning	-	-	-	-
N. Ong	-	-	-	-
R. van Zyl	-	-	-	-
E Lilford	-	-	-	-
M. Foy	-	-	-	-

The model inputs for options issued during the year ended 30 June 2012 included:

Number of Options	11,800,000
Grant date	08/11/2011
Dividend yield (%)	-
Expected volatility (%)	100.00
Risk-free interest rate (%)	5.00
Vesting date	08/11/2011
Expected life of option (years)	3
Option exercise price ($)	0.051
Share price at grant date ($)	0.04
Valuation of Option ($)	$0.0166

Remuneration

Details of the remuneration of the Key Management Personnel of Segue are set out in the following table. Currently, the Company does not employ any staff and directors are responsible for the management of the Company.

30 June 2013	*Short term benefits* *Salary & fees*	*Post employment benefits* *Superannuation*	*Share based payments* *Equity Shares**	*Options*	*Total*	*Proportion of options*
	$	$	$	$	$	%
Directors						
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%
	387,999	**22,500**	**-**	**-**	**410,499**	**0%**
Executives						
M Foy	22,500	-	-	-	22,500	0%
	22,500	**-**	**-**	**-**	**22,500**	**0%**
Total	**410,499**	**22,500**	**-**	**-**	**432,999**	**0%**
30 June 2012						
Directors						
S Michael	259,319	-	472,000	195,880	927,199	21%
I Benning	36,250	-	150,000	-	186,250	0%
N Ong	36,875		60,000	-	96,875	0%
R van Zyl	34,207	-	60,000	-	94,207	0%
E Lilford	19,397	-	60,000	-	79,397	0%
	386,048	**-**	**802,000**	**195,880**	**1,383,928**	**14%**
Executives						
M Foy	17,419	-	30,000	-	47,419	0%
N Bassett	9,000	-	-	-	9,000	0%
	26,419	**-**	**30,000**	**-**	**56,419**	**0%**
Total	**412,467**	**-**	**832,000**	**195,880**	**1,440,347**	**14%**

* The following equity shares were granted to the KMPs during the year NIL (2012: 22,550,000):

	2013	*2012*
S Michael	-	11,800,000
I Benning	-	3,750,000
N Ong	-	1,500,000
R van Zyl	-	3,000,000
E Lilford	-	1,500,000
M Foy	-	1,000,000
	-	22,550,000

Other Financial Information

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2013:

	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $	30 June 2009 $
Revenue	5,842	39,195	25,080	14,267	8,298
Net loss before tax	5,772,168	5,852,656	611,950	892,565	703,153
Net loss after tax	5,772,168	5,852,656	611,950	892,565	703,153
Share price at start of year	0.01	0.04	0.02	0.01	0.03
Share price at end of year	0.002	0.01	0.04	0.02	0.01
Basic earnings per share	0.010	0.013	0.255	0.579	0.99
Diluted earnings per share	0.010	0.013	0.255	0.579	0.99

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:

	Ordinary shares *Nos.*	Share options *Nos.*
Mr Steven Michael	14,050,000	11,800,000
Mr Nicholas Ong	2,750,000	-
Mr Matthew Foy	1,000,000	-

Shares Under Options

As at 30 June 2013 there were 11,800,000 options to take up ordinary shares in the Company held by Directors.

No options were exercised during the 2013 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:

2013	Directors' meetings eligible to attend	Directors' meetings attended
Directors		
Steven Michael	6	6
Ian Benning (resigned 26/06/13)	6	6
Robert Van Zyl (resigned 17 July 2013)	6	6
Nicholas Ong	6	6
Matthew Foy (appointed 17 July 2013)	Nil	-
Howard Carr (appointed 16 September 2013)	Nil	-

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 (Deloitte Touche Tohmatsu) 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, Deloitte Touche Tomatsu, which is included on page 29.

Signed in accordance with a resolution of the directors

Steven Michael

Managing Director

Perth, 23 August 2013

CORPORATE GOVERNANCE STATEMENT

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 2013 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 summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
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
Principle 2	**Structure the board to add value**		
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)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
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
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary as to:	3(a)	Yes
	the practices necessary to maintain confidence in the company's integrity;	3(a)	Yes
	the practices necessary to take into account the company's legal obligations and the reasonable expectations of its	3(a)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
	stakeholders; and		
	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	3(a)	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
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
Principle 4	**Safeguard integrity in financial reporting**		
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
Principle 5	**Make timely and balanced disclosure**		
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
Principle 6	**Respect the rights of shareholders**		
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

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	**Recognise and manage risk**		
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 8	**Remunerate fairly and responsibly**		
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 an Executive Chairman, an executive technical 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 Chair is not independent and the role of Chair and chief executive officer is exercised by the same person. The Chairman of the Company at the time of writing this report is Mr Steven Michael. The Board believes that due to the recent sale of the Company's interest in the Emang Manganese Project that the composition of the Board is appropriate for the current stage of the Company.

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.

An Executive Chairman 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. Presently, the role of Chair and chief executive officer are exercised by the same person due to the size and stage of the Company following the sale of the Emang Manganese Project.

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 is 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.

CORPORATE GOVERNANCE STATEMENT

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 half independent non-executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, none 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:

Ian Benning	Executive Director (resigned 26 June 2013)
Steven Michael	Executive Chairman
Robert Van Zyl	Commercial Director (resigned 17 July 2013)
Nicholas Ong	Non-executive Director
Matthew Foy	Non-executive Director (appointed 17 July 2013)
Howard Carr	Executive Director (appointed 12 September 2013)

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.

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.

CORPORATE GOVERNANCE STATEMENT

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. 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:

a. To act with integrity and professionalism and be scrupulous in proper use of Company information, funds, equipment and facilities;

b. To exercise fairness, equity, proper courtesy, consideration and sensitivity in dealing with customers, employees and other stakeholders; and

c. 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 2013 the Company has no female employee or Board Member.

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 as the Chair of the Board is Chair of the Audit Committee 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 Deloitte's 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.

There were no non-audit services provided by the auditors during the year, other than as disclosed in Note 15 to the financial statement.

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 Box 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.

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 an 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.

Deloitte.

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The Board of Directors
Segue Resources Limited
Level 2, 1139 Hay St
West Perth, WA 6005

23 September 2013

Dear Board Members

Segue Resources Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Segue Resources Limited.

As lead audit partner for the audit of the financial statements of Segue Resources Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith

Neil Smith
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Continuing Oprations			
Finance income		5,207	25,583
Employee benefits expenses		(464,516)	(1,529,642)
Occupancy costs		(63,795)	(47,474)
Impairment of exploration and evaluation assets		(1,855,502)	(3,120,754)
Finance costs		(86,072)	(63,520)
Profit / (loss) on disposal of non-current assets		(21,699)	-
Share based payment expenses		(33,000)	-
Adminstration and other expenses		(307,984)	(982,181)
Loss before tax from continuing operations	**3**	**(2,827,361)**	**(5,717,989)**
Income tax benefit	**4**	**-**	**-**
Loss after tax from continuing operations		**(2,827,361)**	**(5,717,989)**
Discontinued oprations			
Loss from discontinued operations, net of tax	**2**	(2,944,806)	(134,667)
Loss for the year attributable to members of the company		**(5,772,168)**	**(5,852,656)**
Other comprehensive income / (loss)			
Items that may be classified subsequently to profit or loss			
Movement in foreign currency translation reserve		(209,190)	(350,141)
Other comprehensive loss for the year		**(209,190)**	**(350,141)**
Total comprehensive loss for the year attributable to members of the company		**(5,981,357)**	**(6,202,797)**
Basic and diluted loss per share:	**14**	*Cents*	*Cents*
- From continuing operations		(0.52)	(1.27)
- From total operations		(1.07)	(1.30)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT AT 30 JUNE 2013

	Notes	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	**5**	34,858	233,354
Trade and other receivables	**6**	5,425	177,043
Prepayments		7,505	43,976
Assets held for sale	**7**	2,136,460	33,333
Total current assets		**2,184,248**	**487,706**
Non-current assets			
Exploration and evaluaiton assets	**8**	520,000	7,427,180
Property, plant and equipment		2,009	26,008
Available-for-sale financial assets	**9**	-	-
Total non-current assets		**522,009**	**7,453,188**
TOTAL ASSETS		**2,706,257**	**7,940,894**
LIABILITIES			
Current liabilities			
Trade and other payables	**10**	157,002	329,349
Interest bearing liabilities	**11**	873,567	-
Total current liabilities		**1,030,569**	**329,349**
TOTAL LIABILITIES		**1,030,569**	**329,349**
NET ASSETS		**1,675,688**	**7,611,545**
EQUITY			
Issued capital	**12**	18,533,731	18,500,731
Reserves	**13**	167,446	364,136
Accumulated losses		(17,025,490)	(11,253,322)
TOTAL EQUITY		**1,675,688**	**7,611,545**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Issued capital $	Option reserve $	Foreign currency translation reserve $	Investment reserve $	Accumulated losses $	Total Equity $
At 1 July 2011	11,882,818	518,547	-	(150)	(5,400,666)	7,000,549
Loss for the year 2012	-	-	-	-	(5,852,656)	(5,852,656)
Other comprehensive loss	-	-	(350,141)	-	-	(350,141)
Total comprehensive loss	-	-	(350,141)	-	(5,852,656)	(6,202,797)
Issue of shares	6,617,913	-	-	-	-	6,617,913
Share based payments	-	195,880	-	-	-	195,880
Total transaction with equity holders	6,617,913	195,880	-	-	-	6,813,793
At 30 June 2012	**18,500,731**	**714,427**	**(350,141)**	**(150)**	**(11,253,322)**	**7,611,545**
At 1 July 2012	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
At 30 June 2013	**18,533,731**	**726,927**	**(559,331)**	**(150)**	**(17,025,490)**	**1,675,688**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		(879,689)	(1,283,611)
Interest income received		5,842	20,495
Finance costs paid		(73,572)	(63,520)
Net cash used in operating activities	**5**	(947,420)	(1,326,636)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of convertible notes		33,333	-
Investment in convertible notes		-	(33,333)
Payment for exploration and evaluation activities		(351,087)	(4,173,465)
Recoupment of exploration costs from farm-in partner		193,111	-
Net cash used in investing activities		(124,643)	(4,206,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	5,404,355
Proceeds from borrowings		1,123,567	-
Repayment of borrowings		(250,000)	-
Net cash from financing activities		873,567	5,404,355
Net increase / (decrease) in cash and cash equivalents		(198,496)	(129,079)
Effect of excange rate movements		-	6,417
Cash and cash equivalents at the beginning of the year		233,354	356,016
Cash and cash equivalents at the end of the year	**5**	**34,858**	**233,354**

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 2013 comprises the Company and its subsidiary (together referred to as the "consolidated entity").

The financial report was authorised for issue by the directors on 23 September 2013.

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

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.

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.

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.

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.

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.

Leased Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

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:

Capital Improvements	over 40 years
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
2. 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.

S. Employee Benefits

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.

T. 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.

U. Comparatives

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

V. 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 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the Group's returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities. The 'Group' does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131	Annual reporting periods commencing on	As this is a disclosure standard only, there will be no impact on amounts

		Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	or after 1 January 2013	recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures could be required about fair values.
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the *Corporation Act 2001*	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32)	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.
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	Annual reporting periods commencing on or after 1 January	As comparatives are no longer required to be restated, there will be no impact on amounts

		required.	2015	recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.
AASB 127 (issued August 2011)	Separate Financial Statements	Requirements for consolidation removed and inserted into AASB 10 Consolidated Financial Statements Disclosures removed and inserted into AASB 12 Disclosure of Interests in Other Entities.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 128 (issued August 2011)	Investments in Associates and Joint Ventures	Disclosures removed and inserted into AASB 12 *Disclosure of Interests in Other Entities*.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 2012-3 (issued June 2012	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Amendments clarify the requirements for offsetting financial instruments and introduce new disclosure requirements	Annual periods commencing on or after 1 January 2013	1 July 2013

2 DISCONTINUED OPERATIONS

(a) Sale of Emang Manganes 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 Manganes 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 the settlement occurred on 5 August 2013.

The Emang Managanese Project has been classified as "asset held for sale" under the requirements of AASB 5 and the results of its operations (including the 2012 comparative) has been presented separately in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Analysis of loss from discontinued operations

	2013 $	2012 $
Interest income	635	13,612
Employee benefits	-	(21,680)
Occuppancy	(26,034)	(8,574)
Impairment of exploration and evaluation assets	(2,511,108)	-
Impairment of receivables	(301,625)	-
Finance costs	-	(5,212)
Adminstration and other expenses	(106,674)	(112,814)
Loss before tax	**(2,944,806)**	**(134,667)**
Income tax benefit	-	-
Loss after tax	**(2,944,806)**	**(134,667)**

(c) Assets and liabilities of discontinued operations

	2013 $
Assets	
Exploration and evaluation assets	2,136,460
Liabilities	-

3 REVENUE AND EXPENSES

	2013 $	2012 $
Loss from continuing operations includes:		
Depreciation expense	2,300	3,891
Employee benefits expense includes:		
Employee benefits, including directors fees	464,516	434,262
Share based payments	-	1,095,380
	464,516	1,529,642
Finance costs includes:		
Facility fees	25,000	50,000
Interest charge	48,572	13,520
Share based payments	12,500	-
	86,072	63,520
Auditors' remuneration - for audit or review of financial report		
Deloitte Touche Tohmatsu, Australia	36,660	47,000
BDO, South Africa	7,434	-
	44,094	47,000

4 INCOME TAX

	2013 $	2012 $
(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	(2,827,361)	(5,717,989)
Tax benefit @ 30% tax rate	(848,208)	(1,715,397)
Adjustments for:		
Non-deductible expenses	13,650	410,338
Unrecognised DTA on tax losses	(834,558)	380,632
Tax benefit recognised in profit or loss	**-**	**-**
(c) Components of deferred taxes		
Deferred tax asset:		
Tax losses	2,280,865	2,175,539
Deferred tax liability:		
Capitalised exploration costs	(2,280,865)	(2,175,539)
Net deferred tax asset / (liability)	**-**	**-**
(d) Unrecognised deferred tax assets:		
Deferred tax assets have not been recognised in respect of following items:		
Tax losses	1,597,799	763,241
Capital raising costs	37,449	7,489
Other items	7,592	29,960
	1,642,840	**800,690**

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.

5 CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and on hand	14,588	214,159
Deposits at call	20,270	19,195
	34,858	**233,354**

Reconciliation of loss for the year to operating cash flows

	2013 $	2012 $
Loss for the year	(5,772,168)	(5,852,656)
Adjustments for non-cash items:		
Impairment of assets	4,366,610	3,120,754
Share based payment expenses	45,500	1,403,130
Depreciation expense	2,300	3,891
Loss on disposal of non-current assets	21,699	-
Movement in working capital items:		
(Increase) / decrease in trade and other receivables	171,618	(36,904)
(Increase) / decrease in prepayment	36,471	-
Increase / (decrease) in trade and other payables	180,550	35,149
Net cash used in operating activities	**(947,420)**	**(1,326,636)**

6 TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Other debtors	-	57,182
GST receivable	5,425	114,861
Enviornmental bond	-	5,000
	5,425	**177,043**
Past due debtors	-	-

7 ASSETS HELD FOR SALE

	2013 $	2012 $
Convertible notes - unsecured (i)	-	33,333
Emang Manganese Project (refer to Note 2)	2,136,460	-
	2,136,460	**33,333**

(i) On 5th April 2012, the Company had entered into an agreement with White Eagle Resources Limited to acquire convertible notes for a cash consideration of $33,333. These notes were to convert into equity shares of White Eagle Resources Limited at a pre-determined price.
These notes were disposed of by the Company during the 2013 financial year for cash consideration of $33,333. The Company does not hold any further rights or obligations under the agreement.

8 EXPLORATION AND EVALUATION ASSETS

	2013 $	2012 $
Balance at the beginning of the year	7,427,180	6,687,382
Expenditure incurred during the year	(351,087)	4,173,465
Cost recouped from the JV partner	193,111	-
Impairment recognised during the year	(4,366,610)	(3,120,754)
Transferred to asset held for sale classification	(2,136,460)	-
Effect of exchange rate movement	(246,134)	(312,913)
Balance at the end of the year	**520,000**	**7,427,180**
The asset balance comprise of:		
Emang Manganese Project, South Africa	-	5,051,678
Pardoo Project, Western Australia - (ii)	520,000	2,375,502
	520,000	**7,427,180**
Impairment expense relate to:		
Emang Manganese Project, South Africa - (i)	2,511,108	-
Pardoo Project, Western Australia - (ii)	1,855,502	3,120,754
	4,366,610	**3,120,754**

(i) The directors have impaired the carrying amount of Emang Managense Project to its net realisable value, being the cash consideration receivable from the sale of the project.

(ii) The Pardoo explortion project comprise of four exploration permits in Western Australia. Up to 30 June 2013, White Eagle Resources Limited held a farm in agreement to incur exploration costs on those permits. This agreement has since expired and has not been renewed.
Subsequent to the year-end, the Group has entered into a contract to sell two of the exploration permits to White Eagle Resources Limited for a cash consideration of $20,000. The directors have written down the carrying amount of these exploration permits to $20,000.
The directors have assessed the carrying amount of the other two exploration permits based on the stage of the project and exploration activities around the region. The directors have written down the carrying amount of these exploration permits to $500,000. Significant judgements are involved in assessing the carrying amount of these assets and realisation of these values are dependent on the successful commerciasliation of the projects and / or sale of the projects.

9 AVAILABLE FOR SALE FINANCIAL ASSETS

	2013 $	2012 $
26,250,000 listed shares in White Eagle Resources Limited	-	-
	-	**-**

The Group holds 15% interest in White Eagle Resources Limited (2012: 34%). The directors have assessed the investment and concluded that the Group does not have control or significant investment in White Eagle Resources Limited to warrant consolidation or equity accounting.

The directors have fully impaired the investments on account of the unstable financial position and prolonged suspension from trading on the ASX.

10 TRADE AND OTHER PAYABLES

	2013 $	2012 $
Trade creditors and accruals	157,002	329,349
	157,002	**329,349**

Trade creditors are generally settled on 30 to 90 day terms

11 INTEREST BEARING LIABILITIES

	2013 $	2012 $
Unsecured borrowings from related parties:		
Loan (i)	538,394	-
Loan (ii)	335,173	-
Loan (iii)	-	-
	873,567	**-**

(i) During the year, the Group borrowed $500,000 from a non-related party to meet the working capital requirements. The facility fee was 5% of the loan advanced and interest is payable @ 9.25% pa.
The facility has been full settled in August 2013.

(ii) During the year, the Group borrowed $332,644 from a non-related party to 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 has been full settled in August 2013.

(iii) During the year, the Group borrowed $250,000 from a non-related party to meet the working capital requirements. The facility fee was 5% of the loan advanced and interest is payable @ 9.25% pa. The lender was granted 25 million options over ordinary shares of the company valued at $12,500.
The facility has been full settled in the financial year.

12 ISSUED CAPITAL

	2013 $	2012 $
Ordinary shares full paid	18,533,731	18,500,731

(a) Movement in ordinary share capital

	Nos.	*$*
Balance at 1 July 2011	**256,422,120**	**11,882,818**
Tranche 1 paid 8 July 2011	38,000,000	760,000
Rights Issue 22 July 2011	68,826,003	1,376,520
Facilitation Fee 24 July 2011	7,500,000	267,750
Employee Share Issue 6 September 2011	3,250,000	97,500
Share Placement 15 September 2011	54,500,633	1,090,013
Rights Issue Shortfall 16 September 2011	15,000,000	300,000
Employee Share Issue 9 November 2011	18,550,000	742,000
Placement 28/02/2012	69,300,000	2,079,000
Employee Share Issue 31/05/2012	5,000,000	100,000
Placement costs	-	(194,870)
Balance at 30 June 2012	**536,348,756**	**18,500,731**
Facilitation fee 26 February 2013	11,314,042	33,000
Balance at 30 June 2013	**547,662,798**	**18,533,731**

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.

(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 2012	08/11/2014	11,800,000	0.0510
Issued during the year (Note 11(iii))	18/02/2018	25,000,000	0.0100
		36,800,000	

These options are unlisted.

13 RESERVES

	2013 $	2012 $
Option reserve - (i)	726,927	714,427
Foreign currency translation reserve - (ii)	(559,331)	(350,141)
Investment reserve - (iii)	(150)	(150)
	167,446	**364,136**

(i) The option reserve relates to share 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 (ie. 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 invesments recognised in equity.

14 LOSS PER SHARE

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

	Unit	2013	2012
Weighted average number of shares	*Nos.*	540,192,430	451,866,989
Loss from continuing operations	$	(2,577,361)	(5,717,989)
Loss from total operations	$	(5,772,168)	(5,852,656)
Basic and diluted loss per share:			
- From continuing operations	Cents	(0.52)	(1.27)
- From total operations	Cents	(1.07)	(1.30)
Anti-dilutive equity instruments not considered in diluted loss per share	*Nos.*	36,800,000	11,800,000

The entity'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.

15 CONTINGENT ASSETS AND LIABILITIES

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

16 SUBSEQUENT EVENTS

(a) 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.

(b) The Group has settled its obligations towards its borrowings. The proceeds from the sale of Emang Managnese Project were applied for settlement of these borrowings.

(c) 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. This sale is subject to shareholders approval.
Should the sale be approved by the shareholders, the Group's minimum expenditure commitment would for 2013 financial year would reduce from $212,000 to $122,000.

(d) In July 2013, the Group sold 15 million shares in White Eagle Resources Limited to a non-related party for a cash consideration of $15,000. This has reduced the Group's holding in White Eagle Resouces Limited from 15.26% at reporting date to 5.31%.

(e) On 16 September 2013 Dr Howard Carr was appointed as Technical Director to the Company.
Other than the above, there were no other subsequent events after the reporting date.

17 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 $212,000 in 2012/13. ($267,000 in 2011/12).

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.

	2013 $	2012 $
Up to 1 year	212,000	267,000
Between 1 and 5 years	-	-
Later than 5 years	-	-
	212,000	**267,000**

18 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 2013	Extent of control 2012
Parent			
Segue Resources Limited	Australia	-	-
Controlled entities			
Segue (Pardoo) Limited	Australia	100%	100%
Edurus Resources SA	South Africa	100%	100%

(b) Key management personnel disclosures

Information regarding key management personnel has been provided in Note 19.

19 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 Ian Benning	Executive Director (resigned 26/06/2013)
Mr Nicholas Ong	Non-executive Director
Mr Robert van Zyl	Executive Director (resigned 17/07/2013)
Dr Eric Lilford	Non-executive Director (resigned 22/02/2012)
Mr Matthew Foy	Company Secretary (appointed 13/07/2011) Non-executive Director (appointed 17/07/2013)

(b) Key management personnel compensation

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

	2013 $	2012 $
Short-term employee benefits	410,499	412,467
Post employment benefits	22,500	-
Equity compensation benefits	-	1,027,880
	432,999	**412,467**

(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:

2013	**Opening balance** *Nos.*	**Granted as remuneration** *Nos.*	**Exercised / Lapsed** *Nos.*	**Closing balance** *Nos.*
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**
2012				
Mr Steven Michael	-	11,800,000	-	11,800,000
Mr Ian Benning	-	-	-	-
Mr Nicholas Ong	-	-	-	-
Mr Robert van Zyl	-	-	-	-
Dr Eric Lilford	-	-	-	-
Mr Matthew Foy	-	-	-	-
	-	**11,800,000**	**-**	**11,800,000**

The options have vested immediately on the grant date.

19 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

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:

2013	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	1,000,000	-	-	-	1,000,000
	25,800,000	**-**	**-**	**(5,000,000)**	**20,800,000**

2012	Opening balance	Granted as remuneration	Options exercised	Net other change	Closing balance
	Nos.	*Nos.*	*Nos.*	*Nos.*	*Nos.*
Mr Steven Michael	1,250,000	11,800,000	1,000,000	-	14,050,000
Mr Ian Benning	1,250,000	3,750,000	-	-	5,000,000
Mr Nicholas Ong	1,250,000	1,500,000	-	-	2,750,000
Dr Eric Lilford *	3,750,000	1,500,000	-	(5,250,000)	-
Mr Robert van Zyl	-	3,000,000	-	-	3,000,000
Mr Matthew Foy	-	1,000,000	-	-	1,000,000
	7,500,000	**22,550,000**	**1,000,000**	**(5,250,000)**	**25,800,000**

* Director resigned prior to end of the financial year.

(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). Nicholas Ong is a director of Minerva Corporate Pty Ltd and Segue Resources Ltd.
An amount of $29,251 (2012: NIL) is included in trade creditors on account of these services.

20 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.

2013	**Beneficiary**	**Expense**	**Shares**	**Options**	**Value**
			Nos.	*Nos.*	$
26 February 2013	Non-related party	Financing fee	-	25,000,000	12,500
26 February 2013	Empire Equity Limted	Consultants Expense	11,314,042	-	33,000
			11,314,042	**25,000,000**	**45,500**

2012					
24-August-2011	Breamline Investments Ltd	Consultants Expense	7,500,000	-	267,750
06-September-2011	M Foy	Consultants Expense	1,000,000	-	30,000
06-September-2011	B Tarratt	Consultants Expense	1,250,000	-	37,500
06-September-2011	D Smith	Consultants Expense	1,000,000	-	30,000
09-November-2011	S Michael	Directors Fees	11,800,000	-	472,000
09-November-2011	I Benning	Directors Fees	3,750,000	-	150,000
09-November-2011	E Lilford	Directors Fees	1,500,000	-	60,000
08-November-2011	N Ong	Directors Fees	1,500,000	-	60,000
09-November-2011	S Michael	Directors Benefits	-	11,800,000	195,880
31-May-2012	R van Zyl	Directors Fees	3,000,000	-	60,000
31-May-2012	N Rhodes	Consultants Expense	2,000,000	-	40,000
			34,300,000	**11,800,000**	**1,403,130**

Valuation

The shares granted during the year have been valued based on the quoted market price on the grant dates.

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

	2013	**2012**
Number of options	25,000,000	11,800,000
Grant date	26/02/13	08/11/11
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	4.00%	5.00%
Vesting date	26/02/13	08/11/11
Expected life of options (years)	5.0000	3.0000
Option exercise price ($)	0.0100	0.0510
Share price at grant date ($)	0.0020	0.0400
Valuat of option ($)	0.0005	0.0166

21 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 - reprsenting the exploration of iron ore and base metals.

(a) Segment results

2013	South Africa $	Western Australia $	Total $
Finance income	635	5,207	5,842
Impairment expenses	(2,812,733)	(1,855,502)	(4,668,235)
Adminstration and other expenses	(836,295)	(132,708)	(969,003)
Segment results before tax	(3,648,394)	(1,983,003)	(5,631,397)
Unallocated expenses:			
Finance costs			(86,072)
Share based payments			(33,000)
Loss on disposal of non-current assets			(21,699)
Loss before tax for the year			**(5,772,168)**

2012	South Africa $	Western Australia $	Total $
Finance income	13,612	25,583	39,195
Impairment expenses	-	(3,120,754)	(3,120,754)
Adminstration and other expenses	(148,280)	(1,463,917)	(1,612,197)
Segment results before tax	(134,667)	(4,559,088)	(4,693,756)
Unallocated expenses:			
Finance costs			(63,520)
Share based payments			(1,095,380)
Loss on disposal of non-current assets			-
Loss before tax for the year			**(5,852,656)**

(b) Segment assets and liabilities

2013	South Africa $	Western Australia $	Total $
Exploration and evaluation assets	2,136,460	520,000	2,656,460
Segment assets	2,136,460	520,000	2,656,460
Unallocated assets			49,797
Total assets			**2,706,257**
Segment liabilities	-	-	-
Unallocated liabilities			1,030,569
Total liabilities			**1,030,569**

21 OPERATING SEGMENTS (continued)

(b) Segment assets and liabilities (continued)

2012	**South Africa** $	**Western Australia** $	**Total** $
Exploration and evaluation assets	5,051,678	2,375,502	7,427,180
Segment assets	5,051,678	2,375,502	7,427,180
Unallocated assets			513,714
Total assets			**7,940,894**
Segment liabilities	-	-	-
Unallocated liabilities			329,349
Total liabilities			**329,349**

22 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:

	2013 $	**2012** $
Cash and cash equivalents	34,858	233,354
Trade and other receivables	5,425	177,043
Convertible notes	-	33,333
	40,283	**443,730**

Financial assets are neither past due nor impaired.

22 FINANCIAL RISK MANAGEMENT (continued)

(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:

2013	**Carrying amount**	**Up to 6 months**
	$	$
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)	(880,300)
	(990,285)	**(997,019)**

2012	**Carrying amount**	**Up to 6 months**
	$	$
Cash and cash equivalents	233,354	233,354
Trade and other receivables	177,043	177,043
Convertible notes	33,333	33,333
Trade and other payables	(329,349)	(329,349)
	114,381	**114,381**

The maturity profile disclosed are the contractual undiscounted cash flows.

(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's exposure to market interest rate movements are very minimal as:
- Cash and cash equivalents are held in current accounts that has a very low interest rate under 1% pa;
- The borrowings are made at fixed interest rate; and
- The Group does not trade in interest rate derivatives

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

FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value of financial instruments

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

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Cash and cash equivalents	34,858	34,858	233,354	233,354
Trade and other receivables	5,425	5,425	177,043	177,043
Convertible notes	-	-	33,333	33,333
Trade and other payables	(157,002)	(157,002)	(329,349)	(329,349)
Interest bearing liabilities	(873,567)	(873,567)	-	-
	(990,285)	**(990,285)**	**114,381**	**114,381**

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.

(d) 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.

23 PARENT ENTITY INFORMATION

(a) Financial position

	2013	2012
	$	$
ASSETS		
Current assets	759,043	298,076
Non-current assets	1,641,877	7,578,318
TOTAL ASSETS	**2,400,920**	**7,876,394**
LIABILITIES		
Current liabilities	989,350	264,849
TOTAL LIABILITIES	**989,350**	**264,849**
NET ASSETS	**1,411,570**	**7,611,545**
EQUITY		
Issued capital	18,533,732	18,500,731
Reserves	726,777	714,277
Accumulated losses	(17,848,939)	(11,603,463)
TOTAL EQUITY	**1,411,570**	**7,611,545**

23 PARENT ENTITY INFORMATION (continued)

(b) Financial performance

	2013	2012
	$	$
Loss for the year	(6,245,476)	(4,267,725)
Other comprehensive income for the year	-	-
	(6,245,476)	**(4,267,725)**

(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).

(d) Contingencies

The Company has no contingent assets or liabilties 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 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 2013 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 ending 30 June 2013.
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, 23 September 2013

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Segue Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Segue Resources Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the 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 year's end or from time to time during the financial year as set out on pages 30 to 59.

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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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 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 entity'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 entity'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.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Segue Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

(a) the financial report of Segue Resources Limited 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 2013 and its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 30 June 2013. 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 Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants
Perth, 23 September 2013

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 17 September 2013

1. Shares on Issue

Total number of issued fully paid ordinary shares was 547,662,798.

2. Distribution of Holders

	Number of Holders Shares	Percentage of Issued Capital
1 - 1,000	43	0.00%
1,001 - 5,000	29	0.02%
5,001 - 10,000	10	0.01%
10,001 - 100,000	248	1.77%
> 100,000	397	98.19%
Total	**727**	**100.00%**

3. Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 452.

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 <Steinepreis Super Fund A/C>	49,997,500	9.13%
Nigel Tarratt Pty Ltd < Nigel Tarratt Super Fund A/C>	47,233,899	8.62%
MIMO Strategies Pty Ltd <MIMO A/C>	28,550,944	5.21%

5. Top 20 Shareholders

Rank	Name	Units	% of Units
1	N & J MITCHELL HOLDINGS PTY LTD <STEINEPREIS SUPER FUND A/C>	45,500,000	8.31
2	NIGEL TARRATT PTY LTD <NIGEL TARRATT SUPER FUND A/C>	42,233,899	7.71
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,681,777	5.78
4	MIMO STRATEGIES PTY LTD <MIMO A/C>	28,550,944	5.21
5	BREAMLINE INVESTMENTS LIMITED	27,200,000	4.97
6	KINGSLANE PTY LTD <CRANSTON SUPERANNUATION A/C>	14,900,000	2.72
7	LAUREEN MICHAEL	13,050,000	2.38
8	KOBIA HOLDINGS PTY LTD	12,000,001	2.19

ADDITIONAL INFORMATION

Rank	Name	Units	% of Units
9	MR MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	9,250,000	1.69
10	BLU BONE PTY LTD	6,500,000	1.19
11	MR LINDON JAMES HARGREAVES	5,704,814	1.04
12	MS MOOI FAH LEE	5,500,000	1.00
13	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	5,456,664	1.00
14	FISKE NOMINEES LTD <PARAM0001 A/C>	5,053,966	0.92
15	HSBC CUSTODY NOMINEES(AUSTRALIA) LIMITED - A/C 2	5,000,000	0.91
16	NIGEL TARRATT PTY LTD <NIGEL TARRATT SUPER FUND AC>	5,000,000	0.91
17	6466 INVESTMENTS PTY LTD	5,000,000	0.91
18	VOGUE OVERSEAS SA	4,406,250	0.80
19	MR MATTHEW JOEL NORTON + MRS ROSELYNN FAY NORTON <NORTON FAMILY SUPER A/C>	4,210,889	0.77
20	CITYGATE SECURITIES LIMITED	4,000,000	0.73
Totals: Top 20 holders of SEG ORDINARY FULLY PAID		**276,199,204**	**51.16%**
Total Remaining Holders Balance		**271,463,594**	**48.84%**
Total Holders Balance		**547,662,798**	**100.00%**

6. Restricted Securities

There are no restricted securities or securities subject to voluntary escrow.

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.

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.

ADDITIONAL INFORMATION

11. Registers

The register of securities are held at the following address:

Advance Share Registry

150 Stirling Highway

Nedlands WA 6009

12. Unquoted Securities

As at 17 September 2013 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.
- 25,000,000 options exercisable at 1 cent on or before 18 February 2018.

13. Tenement Schedule

Project	Manager	Tenement No.	Interest
Pardoo	Segue Resources	EL45/1866	100%
Pardoo	Segue Resources	EL 45 /1866	100%
Pardoo	Segue Resources	EL 45/2146	100%
Pardoo	Segue Resources	EL 45/2572	100%

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

As at 17 September 2013 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 $0.01 on or before 18 February 2018

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