SEGUE RESOURCES LTD

ABN 49 112 609 846

ANNUAL REPORT

For the year ended 30 June 2009

Directors

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

Company Secretary

Neville Bassett

Registered Office

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West Perth WA 6005
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Auditors

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

Bankers

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

Share Registry

Advanced Share Registry Service
110 Stirling Highway
Nedlands WA 6000
Telephone: (08) 9389 8033
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Stock Exchange Listing

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

ASX Code: SEG
SEGO

CONTENTS

Chairman's Letter

Dear Shareholder,

On behalf of your Directors, I am pleased to present you with the Company's 2009 Annual Report and Financial Statements.

During the past 12 months, the Company has undertaken a comprehensive review of its Pardoo Project, which is thought to be prospective for nickel, copper, gold, other base metals, zinc and cobalt, and is located in the regionally important Pilbara region of Western Australia.

The Company continues its joint venture with Mithril Resources ("Mithril") on its Pardoo Project and under the terms of the agreement, Mithril may earn up to a 65% interest in all minerals at the Pardoo Project by investing up to A$5 million over a period of 5 years and by spending a further A$10 million on exploration or by completing a feasibility study. During the year, the iron ore mineral rights at the Pardoo Project reverted back to the Company as consideration for reducing the minimum yearly expenditure for the current year to the minimum statutory expenditure required to maintain the tenements in good standing and extend the Stage One earn-in period from 4 years to 5 years.

Mithril, who have a strong technical team with extensive experience in the nickel sector, have concentrated their efforts on increasing the size and grade of the existing JORC-code compliant inferred mineral resource of 44.7Mt grading 0.3% nickel and 0.1% copper, identified by Conzinc Rio Tinto Australia (CRA).

Mithril continues to evaluate processing options for the Highway Resource and ore samples collected from last year's diamond drilling program have been submitted to AMMTEC for metallurgical test work. Results will assist in determining the best option for processing of the Highway mineralisation.

The joint venture believes there is potential for higher grade mineralisation at depth. To evaluate this potential, down hole electromagnetic surveys were completed in three drill holes during the year. The down hole electromagnetic surveys have the ability to detect anomalous conductivity that may reflect higher grade mineralisation.

In regards to the iron ore prospectivity of the Pardoo Project, the Company completed a desktop evaluation of the project and undertook a reconnaissance field exploration program. The program was carried out by independent consultants and was focussed on evaluating the iron ore potential at the Pardoo Project which is in close proximity to infrastructure.

As a result of a desktop evaluation, we noted that there was significant iron ore prospectivity for magnetite as several magnetic anomalies were identified at both the Highway and Supply Well tenement locations. Whilst further exploration is required to confirm the extent of any mineralisation and explain the reason for the significant magnetic occurrences, preliminary interpretations of the data and a review of the geophysical modelling identify the Pardoo Project as being geologically prospective to host a substantial magnetite target.

Subsequent to year end, Segue acquired the remaining 50% of the iron ore rights to Pardoo to now hold 100% of the iron ore rights at the Pardoo Project.

Limited work was carried out on the Coronet Hill tin and tungsten project during the year. This project is the subject of a farm out agreement with North River Resources plc, who have the rights to earn a 51% interest in the concession via the expenditure of $5,500,000.

The Board continues to actively pursue and evaluate new projects and despite the current economic uncertainty, we see significant opportunities to acquire projects at prices that may deliver value in the longer term.

I would like to express my appreciation to my fellow Directors for their efforts over the last 12 months and to thank all the shareholders who have supported the Company during this period.

Glenn Whiddon
Chairman

Review of Operations

Pardoo Nickel Project

The Pardoo Nickel Project comprises two exploration licences in the Pilbara region of Western Australia. The Project is located approximately 100km east of Port Hedland and covers 174km². Initially the Project contained a JORC-code compliant inferred resource of nickel and copper (37Mt @ 0.31% Ni and 0.12% Cu using a 0.1% Ni cut-off) and the Company believes it to have significant potential not only for nickel and copper, but also other base metals, zinc, iron ore and platinum group elements.

Under the terms of a farm-in and joint-venture agreement with Mithril Resources Limited ("Mithril"), Mithril may earn up to a 65% interest in all commodities other than iron ore at the project via the expenditure of up to A$5 million over a period of 5 years and by spending a further A$10 million on exploration or by completing a feasibility study.

The Pardoo Nickel Project provides an excellent fit with Mithril's exploration and development strategy. It is highly prospective for nickel sulphide mineralisation and hosts the Highway Deposit, an Inferred Mineral Resource of 44.7 million tonnes, grading 0.3% nickel and 0.1% copper (classified according to the 2004 JORC Code). Geographically, the project is well positioned, being 15km from the coast and approximately 100km east of Port Hedland along the Great Northern Highway in close proximity to power, road and port facilities.

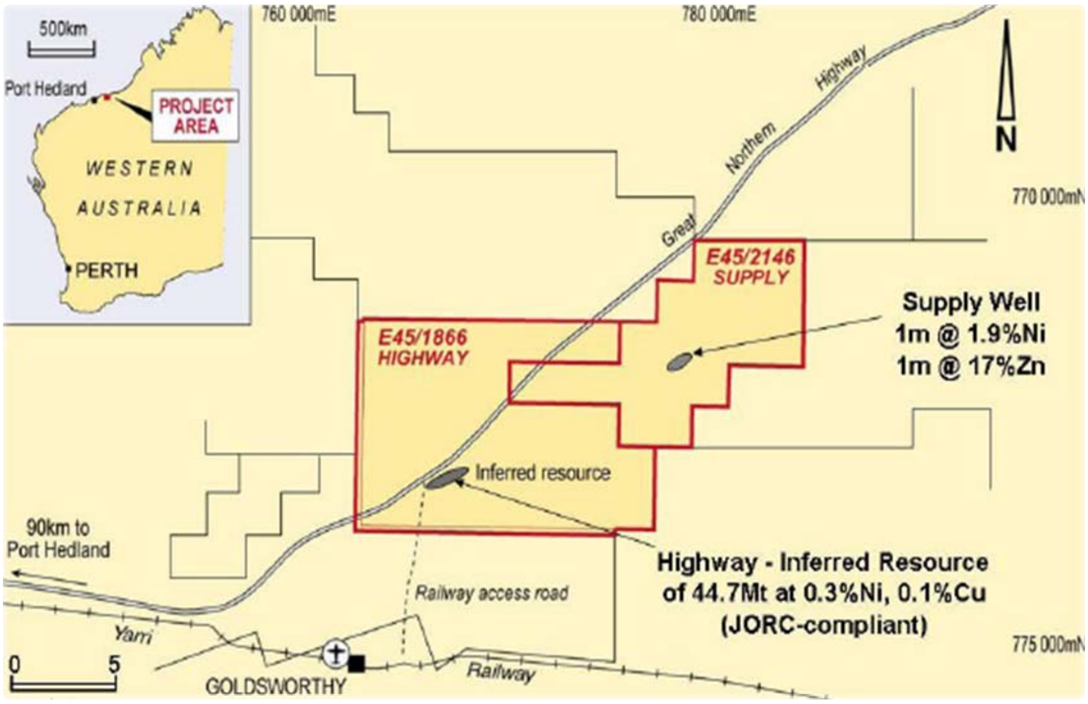

Figure 1: Pardoo Nickel Project Area Location Map

Mithril continues to evaluate processing options for the Highway Resource and ore samples collected from last year's diamond drilling program have been submitted to AMMTEC for metallurgical test work. Results will help determine the best option for processing of the Highway mineralisation.

The Joint Venture believes there is potential for higher grade mineralisation at depth. To evaluate this potential, down hole electromagnetic surveys were completed in three drill holes subsequent to the end of the reporting period. The down hole electromagnetic surveys have the ability to detect anomalous conductivity that may reflect higher grade mineralisation. Preliminary interpretation of the results is encouraging (Figure 2) and final results are pending.

As announced on 12 June 2009, Mithril and Segue (Pardoo) Limited, a wholly owned subsidiary of Segue, agreed to amend the Pardoo Nickel Farm-in and Joint Venture Agreement to reduce the minimum yearly expenditure for the current year to the minimum statutory expenditure required to maintain the tenements in good standing and to extend the Stage One earn-in period from 4 years to 5 years. Importantly, it was also agreed that the iron ore rights to the tenements would not be included in the agreement, and the rights revert back to Segue.

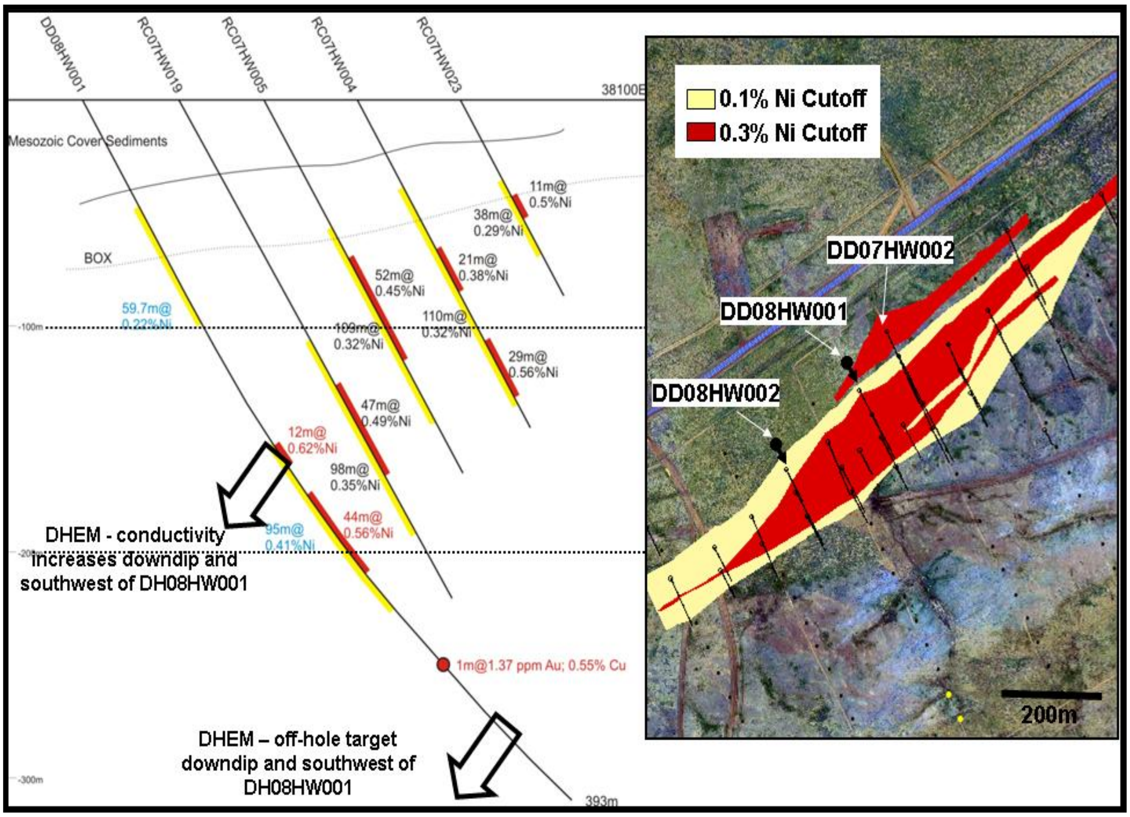

Figure 2: Section 38100E and Plan Map from the Highway Deposit, Pardoo with preliminary downhole (DHEM) interpretation

Moving forward Mithril plans to recalculate a resource figure incorporating the cobalt assays, recent drill results, higher density and new geological models.

Pardoo Iron Ore Project

During the financial year, the Company varied the joint venture agreement with Mithril through which the iron ore rights reverted back to Segue at the Pardoo Project. In addition to this, the Company also entered into a separate agreement to acquire the remaining 50% of the iron ore rights at the Pardoo Project to result in 100% of the iron ore rights being held by the Company.

Pursuant to this focus on the iron ore prospectivity at the Pardoo Project, the Company developed an exploration program based around a composite desktop analysis and a field exploration program. The results of such programs assisted the Company in understanding the geology of the region and the prospectivity for the Pardoo Project to host both magnetite and hematite iron.

As a result, Salient Pty Ltd (Salient) and Resource Potentials Pty Ltd (Resource Potentials) were engaged to conduct a regional geological review of the Pilbara, with emphasis on the Pardoo Iron Ore Project. This analysis increased the understanding of the Pardoo Iron Ore Project area, providing a thorough interpretation of the project's geological setting.

The desktop analysis undertaken by Salient and Resource Potentials provided the Company with a detailed interpretation of the geological sequences for the Pardoo Iron Ore Project. Several magnetic anomalies were identified at both the Highway and Supply Well tenement locations.

Whilst further exploration is required to confirm the extent of any mineralisation and explain the reason for the significant magnetic occurrences, preliminary interpretations of the data and a review of the geophysical modelling identify the Pardoo Iron Ore Project as being geologically prospective to host a substantial magnetite target.

A review of the data identifies that the target magnetite is interpreted to be hosted in the regionally important Nimingarra Formation, being in close proximity to the Goldsworthy iron mine located 10 km southwest of the project, which produced 157Mt of high grade DSO hematite ore between 1966 and 1982. The current phase of work is targeted at determining whether the Pardoo Iron Ore Project has the potential to host a substantial magnetite resource.

A review of previous drill hole results at Supply Well identifies significant drill intercepts of **257m** of magnetite averaging **30% Fe,** including **54m** averaging in excess of **40% Fe** (DD90SW009; 1990). Figure 1 (below) provides a cross section of two drill holes from the drill program completed at the Pardoo Iron Ore project in 1990 and 1991.

Supply Well – Drill Intersection

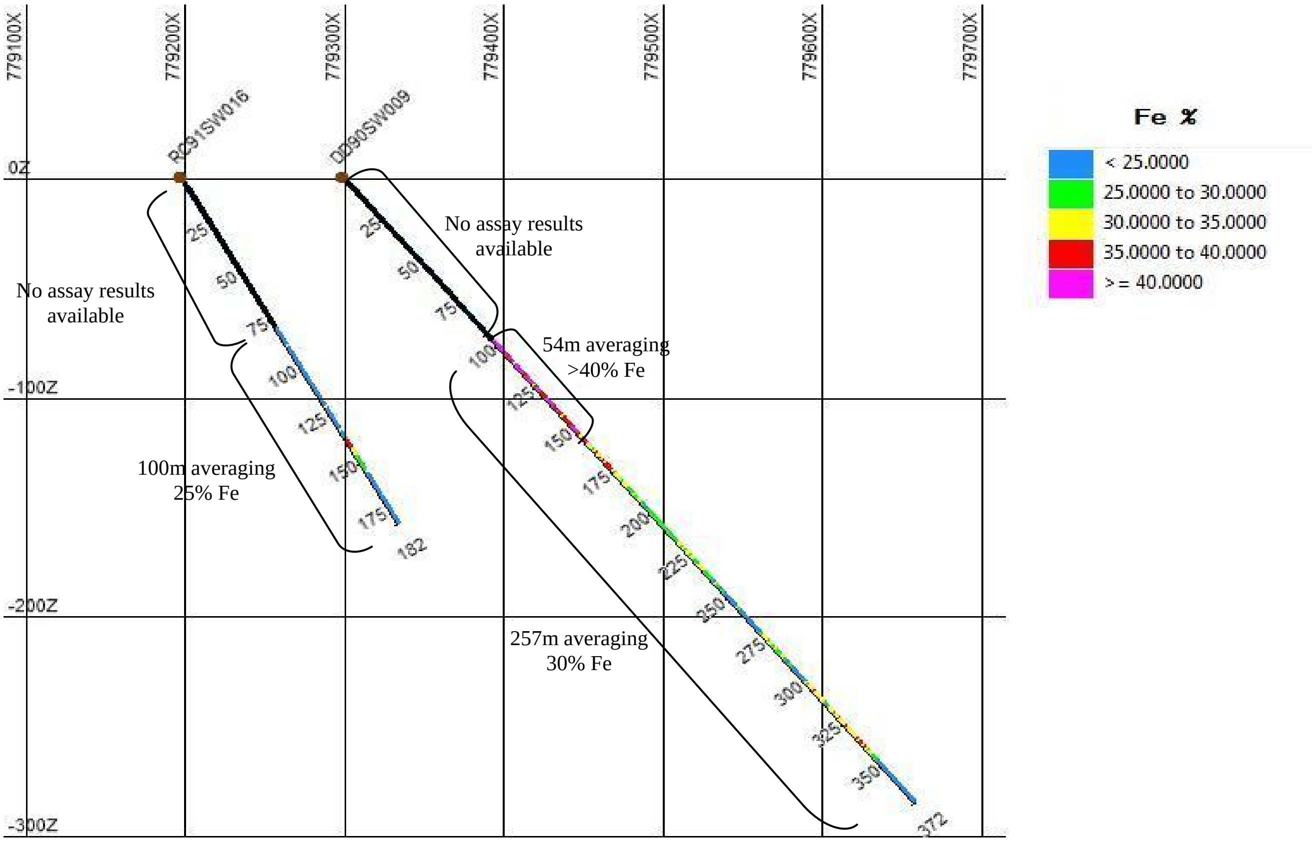

Figure 1: Exploration Drilling Intersections at Pardoo

A review of the historical drill results include:

Hole	From (m)	To (m)	Interval (m)	Fe %
DD89SW004	78	225	147	**28.64%**
Including	**78**	**99**	**21**	**38.70%**
DD90SW009	93	351	258	**32.14%**
Including	**96**	**123**	**27**	**43.12%**
RC91SW016	133	156	23	**29.70%**

REVIEW OF OPERATIONS

A review of significant drill intercepts from drill hole DD89SW004 completed by CRA during a previous exploration program is provided in the following table:

Sample Number	From	To	Fe %
2665444	78.0	81.0	**46%**
2665445	83.0	84.0	**52%**
2665446	84.0	85.0	**45%**
2665447	85.0	86.0	**39%**
2665448	86.0	87.0	**40%**
2665449	87.0	88.0	**41%**
2665450	88.0	89.0	**39%**
2665451	89.0	90.1	**43%**
2665453	91.0	92.0	**38%**
2665454	92.0	93.0	**37%**
2665456	94.0	95.0	**35%**
2665457	95.0	96.0	**35%**
2665460	98.0	99.0	**37%**
2665461	99.0	100.0	**37%**
-	**78.0**	**109.3**	**Avg. 34.3%**
-	**78.0**	**101.0**	**Avg. 38.4%**
-	**78.0**	**96.0**	**Avg. 39.7%**

The Nimingarra Formation crops out over a strike extent of 1.7 km in the south west corner of the project area. The majority of this unit is under cover. Under cover only three drill holes have adequately tested the primary magnetite zone.

The magnetic anomalies are provided in Figure 2 (below). The results reinforce the understanding that the Pardoo Iron Ore Project is considered prospective to host a substantial magnetite deposit.

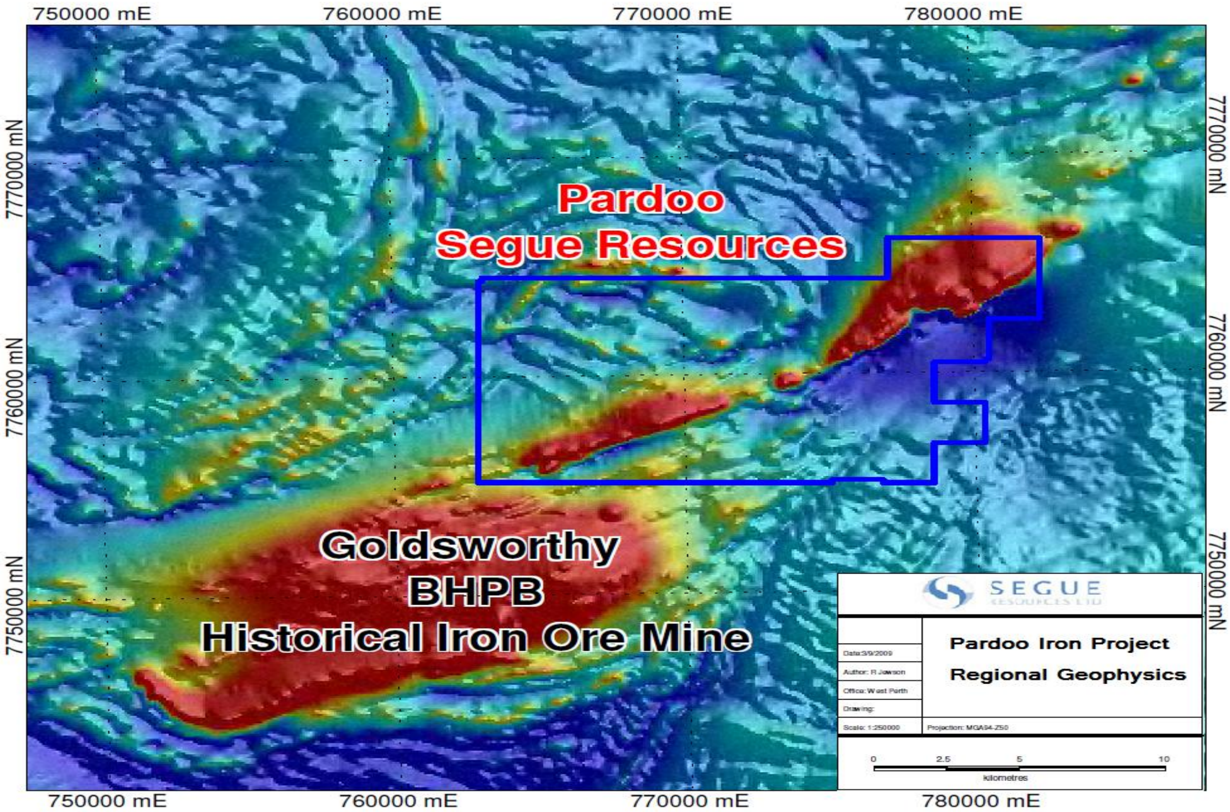

Figure 2: Pardoo Project Area – Detailed Magnetic Anomaly Chart

A review of the geophysical data indicates that the project area is highly prospective for substantial accumulations of iron mineralisation, is considered to have a greater potential for a primary magnetite deposit than a high grade hematite deposit. Drilling to date has been focussed on base metal mineralisation and few holes have adequately tested the strong magnetic anomalies in the northeast of the project area at Supply Well.

A field mapping and rock chip sampling program using a calibrated hand-held Niton, XL3t, X-ray Fluorescence (**Niton XRF**) quantitative micro-analyser was recently completed at the Pardoo Iron Ore Project. A selection of whole rock samples have been submitted for Laboratory analysis to provide a quality control comparison of the grades and mineralisation observed with the Niton XRF. Results are expected within the next four to eight weeks.

A preliminary investigation was also undertaken to identify the potential for detrital iron formations and the identification of other surface targets. The detrital iron scree at the Pardoo Iron Ore Project may represent an economic target with potential to generate near term cash flow.

The field exploration program has identified a number of targets that warrant systematic follow up exploration, which will be designed to test the depth of the mineralisation and the extent along strike.

Preliminary results using the Niton XRF are provided below:

Sample Number	Fe %	Cr %	V %	Ti %
Sample 1	34.09%	0.22%	0.11%	0.40%
Sample 2	44.24%	0.25%	0.13%	1.01%
Sample 3	39.40%	0.09%	0.13%	0.51%
Sample 4	40.86%	0.24%	0.21%	0.89%
Sample 5	55.71%	0.22%	0.19%	0.45%
Sample 6	45.03%	0.10%	0.15%	0.79%
Sample 7	53.85%	0.35%	0.21%	1.70%
Sample 8	31.11%	-	-	0.37%
Sample 9	47.68%	0.09%	0.22%	1.05%
Sample 10	33.56%	0.31%	0.16%	1.03%
Sample 11	42.50%	0.31%	0.16%	0.60%
Sample 12	43.76%	0.26%	0.20%	0.98%
Sample 13	47.60%	0.12%	0.16%	0.60%
Sample 14	37.07%	0.46%	0.35%	0.47%
Sample 15	50.71%	0.20%	0.18%	0.84%
Sample 16	33.85%	0.09%	0.12%	0.60%
Sample 17	39.05%	-	-	0.05%
Sample 18	66.62%	-	-	0.05%

These results are considered encouraging in a region that is well endowed with iron ore occurrences. The current phase of work is targeted at determining whether the Pardoo Iron Ore Project has the potential to host a substantial magnetite resource.

Figure 3: Pardoo Iron Ore Project Area Loaction

Preliminary interpretations of the Niton XRF tests, historic exploration data and a review of the geophysical modelling confirm the Pardoo Iron Ore Project area as being geologically prospective for hosting a potential magnetite resource.

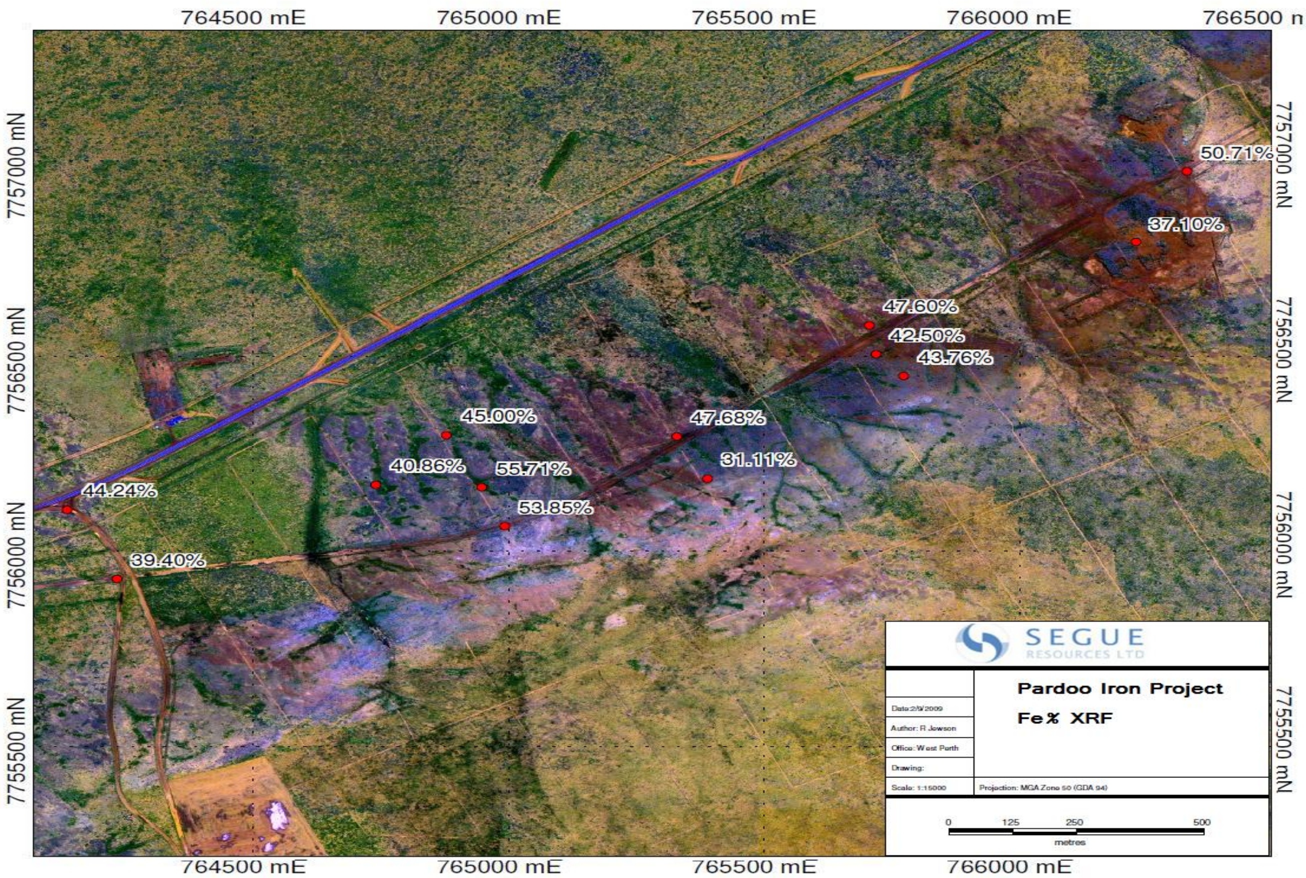

Figure 4: Selected Niton XRF Sample Points at Pardoo Project (Map Reference: 119.52 E & 20.28 N)

Coronet Hill Project, Northern Territory, Australia

During the financial year, a review of the Coronet Hill Project was undertaken. The program involved a helicopter aerial survey of the lease area supported by ground traverses and rock chip sampling along the mineralised Coronet Hill Fault. In addition to the field exploration program, an assessment of previous exploration efforts at the project was also undertaken.

The steeply west-dipping Coronet Hill Fault is well exposed and strikes NNW throughout the project area. Persistent, visible secondary copper and possibly arsenate minerals identify the position of the silica-filled fault. Strain partitioning is also evident, as is likely structural replications and/or sub-parallel, mineralised structures. A partly truncated, oxide veneer remains and is limited to a few tens of metres. Soil development is poor and immature with drainage networks well developed.

Exposures of the mineralisation within the existing workings support sulphide enrichment at depth, and massive chalcopyrite mineralisation was observed on several mullock samples.

Previous exploration undertaken includes Reverse Circulation (RC) drilling, geophysical surveying (Induced Polarisation) and -80 mesh soil geochemistry. The single historical RC collar located was poorly oriented and drilled parallel to the dip of the structure. Induced polarisation is an appropriate technique for targeting disseminated sulphide zones within the structure, though given the massive nature to at least some of the mineralisation, Pulse Electromagnetic (PE) surveys would also be appropriate.

Independent geologists have indicated that more efficient exploration of the tenure would include helicopter-supported stream sediment geochemistry combined with field mapping to define targets, combined with limited RC drilling with downhole Pulse EM to delineate the mineralisation.

Wauchope, Northern Territory, Australia

On 3 April 2006, Segue entered into an agreement with Imperial Granite & Minerals Pty Ltd to conditionally purchase 100% of EL 24950, located near Wauchope in the Northern Territory. In 2007, Segue acquired ELA 25639 which is adjacent to Newmont's historical Groundrush Mine in the Tanami from Mc Cleary Investments. Both exploration licence applications are on aboriginal freehold land in the Northern Territory.

During the financial year, further negotiations and discussions have taken place with the traditional owners taking the Company a step further in the granting process.

Competent Persons Statement

Information in this announcement that relates to Mineral Resources and exploration results is based on information compiled by Mr Jonathon King of Salient Pty Ltd which provides geological consulting services to Segue Resources Limited. Mr King is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr King consents to the inclusion in the document of the information in the form and context in which it appears.

Directors Report

The Directors present their report on Segue Resources Limited for the year ended 30 June 2009 and the auditor's report thereon.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Glenn Whiddon, –Executive Chairman

Mr Whiddon has a background in banking and corporate advisory, working for the Bank of New York in Sydney, Melbourne, Geneva and Moscow. In 1994 he established a boutique merchant bank in Moscow, providing corporate advice and undertaking direct investments.

Other current directorships

Chairman of Statesman Resources Limited, Non-Executive Chairman of North River Resources plc and Non Executive Chairman of Washington Resources Ltd.

Former directorships in last 3 years

Grove Energy Limited (resigned 2007), Omegacorp Limited (resigned 2007), Rialto Energy Limited (resigned 2008), Oklo Uranium Limited (resigned 2007), UMC Energy plc (resigned December 2008), Stream Oil and Gas Limited (resigned February 2009).

Paul Fry – Non-Executive Director

Mr Fry has over 25 years experience advising companies operating in the resources industry in Australia, UK and North America. He was formerly a partner with Ernst & Young and PriceWaterhouseCoopers in Australia and Canada, two global professional advisory firms, and has worked closely with emerging resource companies particularly in providing commercial and financial related advice.

Other current directorships

Chairman of Kairiki Energy Limited.

Former directorships in last 3 years

Nil

Jurgen Hendrich – Non-Executive Director

Mr Hendrich has over 24 years investment banking and resources industry experience. He commenced his career as a petroleum geologist with Esso Australia in 1984 and enjoyed a variety of specialist technical roles in Australia and Norway, before advancing to commercial roles including strategic planning and joint venture relations. In 1996, Mr Hendrich joined J B Were (now Goldman Sachs J B Were) and established a reputation as a top ranking Energy Analyst.

In 2001 he founded his own consulting company specialising in providing strategic advice and attracting investment capital to early stage resources companies. From 2005, Jürgen worked with Tolhurst initially as a resources analyst, then Head of Resources Research and for the last two years as Director, Corporate Finance. In June 2008, Jürgen was appointed CEO of MEO Australia, and was appointed Managing Director in July 2008.

Other current directorships

Managing Director of MEO Australia Limited.

Former directorships in last 3 years

Cambrian Oil & Gas Plc (resigned June 2007)

Neville John Bassett, B.Bus, FCA - Company Secretary

Mr Bassett was appointed company secretary on 2 April 2008. A chartered accountant with over 25 years experience, Mr Bassett has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

Auditor

Mr Neil Smith is the signing partner for Segue Resources Limited. Mr Smith is a partner of PKF Chartered Accountants 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.

Review and Results of Operations

A Review of Operations for the financial year and up to the date of this report is included in this document and should be read as part of the Directors' Report.

During the financial year, the Company amended the terms of the joint venture agreement with Mithril Resources Limited ("Mithril") to exclude the iron ore rights from the farm-in, thereby the iron ore rights over Highway and Supply Well reverted back to Segue. Subsequent to year end the Company entered into an agreement to acquire the remaining 50% of the iron ore rights at Supply Well. As a result, the Company now holds 100% of the iron rights at the Pardoo Project (being both Highway and Supply Well).

The Company commenced a strategic review of the iron ore prospectivity at the Pardoo Project, which is considering its geological settings, its proximity to Port Hedland and road and rail infrastructure.

Following the Company's strategic review of the iron ore potential at the Pardoo Project, the Company engaged independent consultants to verify and confirm the prospectivity for the Pardoo Project to host a substantial magnetite exploration target. Pursuant to this re-focussed strategy, the Company now considers itself a junior iron ore explorer, with a focus on the iron ore prospectivity at the Pardoo Project. The Company is positioned to take advantage of the attractive magnetite iron ore sector with a view to demonstrating the ability for the Pardoo Project to be a standalone operation. In addition to this, the Company will also be evaluating the potential for the Pardoo Project to host detrital iron ore in the scree, which may offer additional project upside.

Financial Review

Summary of Financial Performance:

Segue Resources Limited consolidated loss for the financial year after tax was $703,153 (2008: $523,628). The loss for the year was impacted by:

Share based payments expensed of $139,991 (2008: $nil);

These expenses were partially offset by interest income of $8,298 (2008: $150,690).

Financial Review (contd)

Earnings per Share:
Basic earnings / (loss) per share was (0.99) cents (2008 0.82 cents).

Financing Activities:

The Company issued the following securities during the year:

In June 2009, the Company issued 10,579,056 ordinary fully paid shares at an issue price of 1.2 cents each, raising gross proceeds of $126,950.

Summary of Financial Position

At 30 June 2009 the Group's cash reserves were $338,038 (2008: $385,489). The decrease in cash was due to net cash used in operating activities of $452,683, net cash raised from investing activities of $267,283 and other proceeds from financing activities during the year of $139,949 consisting of the issue of 10,579,056 shares to investors for proceeds of $126,950. Net assets of the Group as at 30 June 2009 were $5,948,755 (2008 $6,373,967).

Significant Changes in the State of Affairs

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

Significant Events After Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than the following:

- The Company completed a Non-renounceable Rights Issue to existing shareholders on a 1-for-3 basis at an issue price of 1 cent per share to raise $270,354. The Company issued 27,035,369 shares in August 2009.

- The Company completed a placement raising $281,000. The Company has issued 23,416,666 shares at an issue price of $0.012 per share, pursuant to a resolution passed at a Shareholders Meeting on 20 August 2009. At the same Shareholder Meeting it was approved by shareholders that Directors could participate in the placement. Under the resolution, the Company has the ability to issue a further 26,583,334 shares to a total of 50,000,000 shares to raise a total of $600,000.

- The Company issued 20,416,667 shares to Glenn Whiddon (related party) pursuant to a resolution passed at a Shareholders Meeting on 20 August 2009, of which 16,666,667 shares with an agreed value of $200,000 were issued in the consideration for the partial repayment of a working capital loan (Note 10) and 3,750,000 shares were as issued as part consideration for the provision of the working capital loan.

- The Company issued 1,000,000 shares to Richmond Resources Pty Ltd at an issue price of $0.025 pursuant to the acquisition of the remaining 50% of the iron ore rights at the Pardoo Iron Ore Project. In addition, the Company paid a cash amount of $57,500 (inclusive of GST).

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.

Likely Developments

- The Company will continue the exploration and evaluation of the iron ore prospectivity at the Pardoo Project;

- The Company's joint venture partner and operator of the Pardoo Project, Mithril, , continues to evaluate the potential for nickel, copper, gold and cobalt at the Pardoo Project; and

- Continued review of new project venture opportunities which are consistent with the Company's strategy to become a junior 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. They include the five most highly remunerated section 300A directors and executives for the Company.

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.

There are no service agreements with Key Management personnel 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, including the Chairman, receive a fixed fee for their services of $30,000 per annum including statutory superannuation for services performed.

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. The executive director receives the same compensation as non-executive directors, i.e. $30,000 per annum. This remuneration figure 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.

Under the Company's current circumstances of limited cash resources the Directors consider that the issue of Options are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the Directors.

The terms and conditions of each grant under the company's Share Option Plan options affecting remuneration in this reporting period are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
22/12/2008	30/11/2008	30/11/2011	$0.08	$0.0237
22/12/2009	30/11/2009	30/11/2011	$0.08	$0.0241

Options granted under the Plan carry no dividend or voting rights. The grant date equals the vesting date for all 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	**2009**	**2008**	**2009**	**2008**
Directors of Segue Resources Limited				
G Whiddon	3,000,000	-	1,500,000	-
P Fry	3,000,000	-	1,500,000	-
J Hendrich	3,000,000	-	1,500,000	-

The model inputs for options granted during the year ended 30 June 2009 included:

Number of Options	4,500,000	4,500,000
Grant date	22/12/2008	22/12/2008
Dividend yield (%)	-	-
Expected volatility (%)	99.06	95.35
Risk-free interest rate (%)	4.7	4.78
Vesting date	30/11/2008	30/11/2009
Expected life of option (years)	3	3
Option exercise price ($)	0.08	0.08
Share price at grant date ($)	0.05	0.05
Valuation of Option ($)	0.0237	0.0241

Remuneration

Details of the remuneration of the directors 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.

2009	**Short-term Benefits**			**Post-employment benefits**	**Share-based Payment**		
Name	**Salary and Fees $**	**Cash Bonus $**	**Non-Monetary Benefit $**	**Super-annuation $**	**Options $**	**Total $**	**% Perform-ance Related**
Directors							
G Whiddon	30,000	-	-	-	35,591	65,591	54.3%
P Fry	32,400	-	-	-	35,591	67,991	52.3%
J Hendrich	30,000	-	-	-	35,591	65,591	54.3%
Totals	92,400	-	-	-	106,773	199,173	

(a) Mr Whiddon's services as a director were provided by Lagral SCP for which the consolidated entity was charged $30,000.
(b) Mr Fry's services as a director were provided personally for which the consolidated entity was charged $32,400.
(c) Mr Hendrich's services as a director were provided by BTN Ventures Pty Ltd for which the consolidated entity was charged $30,000.

2008	**Short-term Benefits**			**Post-employment benefits**	**Share-based Payment**		
Name	**Salary and Fees $**	**Cash Bonus $**	**Non-Monetary Benefit $**	**Super-annuation $**	**Options $**	**Total $**	**% Perfom-ance Related**
Directors							
R Cross	-	-	-	-	-	-	0%
G Whiddon (a)	26,250	-	-	-	-	26,250	0%
R Downey (b)	85,150	-	-	-	-	85,150	0%
J Arbuckle (c)	50,500	-	-	-	-	50,500	0%
P Fry (e)	7,500	-	-	-	-	7,500	0%
J Hendrich (d)	8,700	-	-	-	-	8,700	0%
Totals	178,100	-	-	-	-	178,100	

(a) Mr Whiddon' services as a director were provided by Lagral SCP for which the consolidated entity was charged $26,250. Mr Whiddon was appointed 21 May 2005.
(b) Mr Downey's services as a director were provided by Quantum Vis Pty Ltd for which the consolidated entity was charged $18,750. Quantum Vis Pty Ltd was also paid consulting fees of $66,400 for services rendered by Mr Downey outside of his duties as a director. Mr Downey was appointed 12 January 2005 and resigned 2 April 2008.
(c) Mr Arbuckle's services as a director were provided by Maybach Consulting Pty Ltd for which the consolidated entity was charged $18,750. Maybach Consulting Pty Ltd was also paid $31,750 for company secretarial services provided by Mr Arbuckle. Mr Arbuckle was appointed 28 June 2006 and resigned 2 April 2008.
(d) Mr Hendrich's services as a director were provided by BTN Ventures Pty Ltd for which the consolidated entity was charged $7,500. BTN Ventures Pty Ltd was also paid $1,200 for services rendered by Mr Hendrich outside of his duties as a director. Appointed, 31/03/2008.
(e) Paul Fry was appointed 31/03/2008.

End of Remuneration Report

Directors' Interests in the Shares and Options of the Company

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

	Ordinary Shares		Options	
Name	Direct	Indirect	Direct	Indirect
G Whiddon	-	24,036,237	750,000	3,437,250
P Fry	-	1,333,334	-	3,000,000
J Hendrich	-	-	-	3,000,000

Shares Under Options

Options to take up ordinary shares in the Company at the date of this report are as follows:

	Number	Exercise Price	Expiry Date
Listed Options	3,264,000	33 cents	30/06/2010
Unlisted Options	16,968,750	8 cents	30/06/2010
Unlisted Options	5,400,000	17 cents	30/06/2010
Unlisted Options	6,000,000	13 cents	30/06/2010
Unlisted Options issued to directors on 22/12/2008 pursuant to shareholders resolution dated 28/11/08	4,500,000	8 cents	30/11/2011
Unlisted Options issued to directors on 22/12/2008 pursuant to shareholders resolution dated 28/11/08	4,500,000	8 cents	30/11/2011
Unlisted options issued to the then Consultants pursuant to shareholders resolution dated 28/11/08	1,400,000	8 cents	30/11/2011

No options were exercised during the 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:

2009 Directors	**Directors' meetings held**	**Directors' meetings attended**	**Audit Committee meetings held**	**Audit Committee meetings attended**
Glenn Whiddon	4	4	-	-
Paul Fry	4	4	-	-
Jurgen Hendrich	4	4	-	-

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 (PKF) for the audit and non-audit services provided during the year are set out in note 15.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

Signed in accordance with a resolution of the Directors

Glenn Whiddon
Director

Perth, 30 September 2009

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Segue Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

PKF

PKF
Chartered Accountants

Neil Smith
Partner

Dated at Perth, Western Australia this 30th day of September 2009.

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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 2009 and were fully compliant with the Council's 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)	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	No
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:	4(a)	Yes
	the practices necessary to maintain confidence in the company's integrity;		
	the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	4(b)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	No
	consists only of non-executive directors;		
	consists of a majority of independent directors;		
	is chaired by an independent chair, who is not chair of the Board; and		
	has at least three members.		
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(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
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 #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 8	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(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 one Executive 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 is included in the Directors' Report.

The Chair is not independent and the role of Chair and chief executive officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company. The Chairman of the Company at the time of writing this report is Glenn Whiddon.

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

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

The 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 are separate roles to be undertaken by separate people. Presently, the role of Chair and chief executive officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company. The Board will monitor the need to separate these roles as the company's circumstances change.

2(d) Nomination Committee

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

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

2(e) Independent Directors

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

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

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

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

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

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

Name	**Position**
Paul Fry	Non-Executive Director
Jurgen Hendrich	Non-Executive Director

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

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

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. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.

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

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

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.
There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

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

BOARD COMMITTEES

3(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 Audit Committee 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 PKF'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.

3(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 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 optionholders, as optionholders 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-calibre 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

4(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.

4(b) Policy concerning trading in Company securities

The Company's "Policy for Trading in Company Securities" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;

- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and

- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

Within 24 hours of a director being appointed to the Board, resigning or being removed from the Board, or trading in the Company's securities, full details of the director's notifiable interests in the Company's securities and changes in such interest must be advised to the Company Secretary so that a record is kept within the Company and so that necessary ASX notifications will occur.

All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.

TIMELY AND BALANCED DISCLOSURE

5(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.

5(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.

6(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.

6(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.

6(c) Chief Executive Officer and Chief Financial Officer Certification

Glenn Whidden holds the positions of Chief Executive Officer and Chief Financial Officer and 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.

6(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.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Continuing Operations					
Other income	2	8,298	150,690	6,103	147,190
Other expenses	2	(711,451)	(674,318)	(698,379)	(986,489)
Loss before income tax		(703,153)	(523,628)	(692,276)	(839,299)
Income tax expense	3	-	-	-	-
Loss attributable to members of Segue Resources Limited		(703,153)	(523,628)	(692,276)	(839,299)
		Cents per share	Cents per share		
Earnings per share					
- basic loss per share	14	(0.99)	(0.82)		
- diluted loss per share	14	(0.99)	(0.82)		

BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
ASSETS					
Current Assets					
Cash and cash equivalents	4	338,038	385,489	255,416	288,661
Trade and other receivables	5	34,315	32,966	31,948	35,636
Total Current Assets		**372,353**	**418,455**	**287,364**	**324,297**
Non-Current Assets					
Trade and other receivables	5	-	-	-	-
Financial assets	6	-	-	4,147,905	4,161,000
Exploration and evaluation	7	6,321,317	6,349,533	306,787	321,657
Property, plant and equipment	8	3,485	20,644	3,158	18,835
Deferred tax asset	3	1,896,395	1,901,560	92,036	96,497
Total Non-Current Assets		**8,221,197**	**8,271,737**	**4,549,886**	**4,597,989**
TOTAL ASSETS		**8,593,550**	**8,690,192**	**4,837,250**	**4,922,286**
LIABILITIES					
Current Liabilities					
Financial Liabilities	10	545,000	-	545,000	-
Trade and other payables	9	203,400	414,665	203,400	414,640
Total Current Liabilities		**748,400**	**414,665**	**748,400**	**414,640**
Non-Current Liabilities					
Deferred tax liabilities	3	1,896,395	1,901,560	92,036	96,497
Total Non-Current Liabilities		**1,896,395**	**1,901,560**	**92,036**	**96,497**
TOTAL LIABILITIES		**2,644,795**	**2,316,225**	**840,436**	**511,137**
NET ASSETS		**5,948,755**	**6,373,967**	**3,996,814**	**4,411,149**
EQUITY					
Issued capital	11	9,435,235	9,297,285	9,435,235	9,297,285
Reserves	12	409,671	269,680	409,671	269,680
Accumulated losses	13	(3,896,151)	(3,192,998)	(5,848,092)	(5,155,816)
TOTAL EQUITY		**5,948,755**	**6,373,967**	**3,996,814**	**4,411,149**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Entity	Attributable to equity holders of the entity			
	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2007	**8,797,285**	**269,680**	**(2,669,370)**	**6,397,595**
Issue of shares	500,000	-	-	500,000
Loss for the year	-	-	(523,628)	(523,628)
Balance at 30 June 2008	**9,297,285**	**269,680**	**(3,192,998)**	**6,373,967**
Issue of shares	137,950	-	-	137,950
Cost of share based payment	-	139,991	-	139,991
Loss for the year	-	-	(703,153)	(703,153)
	-	-	-	
Balance at 30 June 2009	**9,435,235**	**409,671**	**(3,896,151)**	**5,948,755**

Company				
Balance at 1 July 2007	**8,797,285**	**269,680**	**(4,316,517)**	**4,750,448**
Issue of shares	500,000	-	-	500,000
Loss for the year	-	-	(839,299)	(839,299)
Balance at 30 June 2008	**9,297,285**	**269,680**	**(5,155,816)**	**4,411,149**
Issue of shares	137,950	-	-	137,950
Cost of share based payment	-	139,991	-	139,991
Loss for the year	-	-	(692,276)	(692,276)
Balance at 30 June 2009	**9,435,235**	**409,671**	**(5,848,092)**	**3,996,814**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash flows from operating activities					
Receipts from customers		465	19,322	465	11,377
Payments to suppliers and employees		(458,524)	(506,651)	(447,210)	(505,247)
Interest income		8,033	12,171	5,838	12,171
Other payments (GST)		(2,657)	63,966	2,383	(3,574)
Net cash flows from/(used in) operating activities	24	**(452,683)**	**(411,192)**	**(438,524)**	**(485,273)**
Cash flows from investing activities					
Payment for Acquisitions of mining assets		(236,905)	-	(236,905)	-
Proceeds of Loans from related parties		500,000	-	500,000	-
Proceeds from sale of equity investments		-	160,019	-	160,019
Purchase of property, plant and equipment		-	(3,734)	-	(3,733)
Recoupment of exploration expenditure		58,048	-	58,048	-
Payment for exploration expenditure		(53,860)	(342,988)	(53,813)	(29,614)
Net cash flows from/(used in) investing activities		**267,283**	**(186,703)**	**267,330**	**126,672**
Cash flows from financing activities					
Proceeds from issue of shares		137,949	400,000	137,949	400,000
Payment of funds to controlled entity		-	-	-	(317,236)
Net cash flows from/(used in) financing activities		**137,949**	**400,000**	**137,949**	**82,764**
Net increase in cash and cash equivalents		(47,451)	(197,895)	(33,245)	(275,837)
Cash and cash equivalents at beginning of period		385,489	583,384	288,661	564,498
Cash and cash equivalents at end of period	4	**338,038**	**385,489**	**255,416**	**288,661**

Notes To and Forming Part of The Financial Statements

1. Corporate Information

Segue Resources Limited (the "Company") is a company limited by shares incorporated whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial report of the Company for the year ended 30 June 2009 comprises the Company and its subsidiary (together referred to as the "consolidated entity").

The financial report was authorised for issue by the directors on 30 September 2009.

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

The principal accounting policies adopted in the preparation of the financial report are set out below.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs), which include Australian equivalents to International Financial Reporting Standards ("IFRS") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

(B) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except where stated.

(C) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Report Standards ('IFRS').

(D) Going Concern

The consolidated entity and the company has incurred net losses after taxes for the year ended 30 June 2009 of $703,153 and $692,276, respectively and has a working capital deficiency of $376,047 and $461,036 respectively as at 30 June 2009.

Subsequent to year end, the company:

- Completed a Non-renounceable Rights Issue to existing shareholders on a 1-for-3 basis at an issue price of 1 cent per share to raise $270,354 (before costs of issue). The Company issued 27,035,369 shares;
- Completed a placement raising of $281,000. The Company issued 23,416,666 shares at an issue price of $0.012 per share, pursuant to a resolution passed at a Shareholders Meeting on 20 August 2009; and
- The Company issued 20,416,667 shares to Lagral Capital Scp (director related entiy of Glenn Whiddon) pursuant to a resolution passed at a Shareholders Meeting on 20 August 2009, of which 16,666,667 shares with an agreed value of $200,000 were issued in the consideration for the partial repayment of a working capital loan (Note 10) and 3,750,000 shares were as issued as part consideration for the provision of the working capital loan and interest.

The company has obtained pledged financial support from Lagral Capital SCP, a director related entity, to provide funds to the company on an as needs basis, to ensure that the company can continue to meet its debts as and when they fall due, should this financial support be required.

(D) Going Concern (contd)

The directors have prepared a cash flow forecast for the period ending 30 September 2010 that includes the capital raising noted above, and indicates that the company will have sufficient cash flows to meet all working capital requirements and its minimum spend requirements on its tenements.

Based on the above, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(E) Functional and Presentation of Currency

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

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at balance sheet date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Translation differences arising on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(F) Use of Estimates and Judgements

The preparation of financial statements required 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(O). 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 income statement.

Significant accounting estimates and assumptions

(F) Use of Estimates and Judgements (contd)

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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 3 Income Taxes and Note 1(U) Employee Benefits.

(G) 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.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

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.

Interests in joint venture operations

The Consolidated Entity's interest in joint venture operations is accounted for by recognising the Consolidated Entity's share of assets and liabilities from the joint venture, as well as expenses incurred by the Consolidated Entity and the Consolidated Entity's share of net income earned from the joint venture, in the consolidated financial statements.

(H) 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.

(I) Income Tax

The income tax expense or revenue 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 asses 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.

(J) 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 balance sheet.

(K) 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 effective interest rate. The amount of the provision is recognised in the income statement.

(L) Investments and Other Financial Assets

The consolidated entity determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement 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 income statement.

(M) 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 probably that the future economic benefits embodied within the item will flow to the consolidate entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

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

Plant and equipment	over 2 to 10 years

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

Derecognition

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

(N) Acquisitions of Assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is the published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measure initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(O) 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 income statement.

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

(i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

(ii) 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 (see impairment accounting policy (I)). 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.

(P) 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 flows (cash generating units).

(Q) 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 income statement 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 balance sheet date.

(R) 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.

(S) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(T) 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 Balance Sheet. The amount of GST payable to the taxation authority is included as part of the payables in the Balance Sheet.

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.

(U) Employee Benefits

Share-based payment transactions

The Company provides benefits to employees (including directors) of the Company in the form of share options. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a black scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on the date on which the relevant employees become fully entitled to the award ("vesting date"). The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(V) 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.

(W) Comparatives

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

(X) Financial Instruments

Financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder. The liability component is a non derivative financial instrument that is initially recognised at fair value. Subsequent to initial recognition the liability component is measured at amortised cost using the effective interest rate method, unless it is designated at fair value through profit and loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closley related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit and loss. Derivatives are recognised initially at fair value, and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recorded in profit and loss.

(Y) New standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption for financial reporting periods beginning 1 July 2008 but have not been applied in preparing the financial report.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Group
AASB 101 Presentation of Financial Statements (Revised September 2007), AASB 2007-8 Amendments to Australian Accounting Standards & Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101 The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	This is a disclosure standard, so will have no direct impact on amounts in the financial report, other than amendments to disclosures.
AASB 123 Borrowing Costs (Revised), AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations 1 & 12 This revision eliminates the option to expense borrowing costs on qualifying assets and requires that they be capitalised. The Amending Standard eliminates reference to the expensing option in various other pronouncements.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The adoption of this standard will have no impact on the group.
AASB 3 Business Combinations (Revised), AASB 127 Consolidated and Separate Financial Statements (Amended), AASB 2008-3 Amendments to AASBs arising from AASB 3 and AASB 127 This revision changes the application of acquisition accounting for business combinations and accounting for non-controlling interests. The revised and amended standards incorporate many changes which will have a significant impact on the profit and loss for entities entering into business combinations.	Beginning 1 July 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038 arising from AASB 8 This standard supersedes AASB 114 Segment Reporting, introducing a US GAAP approach of management reporting as part of the convergence project with FASB.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	AASB 8 is a disclosure standard, so will have no direct impact on amounts in the financial report, other than amendments to disclosures.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Group
AASB 2008-1 Amendments to Australian Accounting Standards: Share-Based Payments: Vesting Conditions and Cancellations This clarifies that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. It also specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project AASB 2008-6 amends AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary.	Beginning 1 July 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate This amends and clarifies the following standards AASB 101, AASB 118, AASB 127 and AASB 136 for the treatment of determining the cost of an investment in a subsidiary, jointly controlled entity or associate.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments The amendments to AASB 7 require enhanced disclosures about fair value measurements and liquidity risk, including introduces a three-level hierarchy for making fair value measurements.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the company has not yet been determined.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Group
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project The amendments revise changes to AASB 2, AASB 138, AASB Interpretations 9 & 16 from changes to AASB 3	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
AASB 2009-5 Amendments Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.
Interpretation 17 Distributions of Non-cash Assets to Owners This Interpretation provides guidance on how an entity should measure distributions of assets other than cash when it pays dividends to its owners, except for common control transactions.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the group has not yet been determined.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
2. Revenue and Expenses				
Other income				
Proceeds from sale of investments	-	135,019	-	135,019
Rental income	265	3,500	265	-
Interest income – non related entities	8,033	12,171	5,838	12,171
	8,298	**150,690**	**6,103**	**147,190**
Expenses				
Depreciation				
- Plant and equipment	6,824	7,274	5,342	3,564
- Leasehold improvements	10,135	1,284	10,135	1,284
	16,959	**8,558**	**15,477**	**4,848**
Revaluation of investments	-	159,375	-	159,375
Written down of intercompany loan	-	-	-	317,512
Employee benefit and director compensation expense	122,707	72,389	122,707	72,389
Expense of share based payments	139,991	-	139,991	-
	262,698	**72,389**	**262,698**	**72,389**
Acquisition costs relating to Angela & Pamela uranium applications	23,182	-	23,182	-
Credited (Charged) as income:				
Net gain on disposal of investments	-	110,019	-	110,019

3. Income Tax Expense

The income tax expense for the year differs from the prima facie tax as follows:

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Loss for the year	(703,153)	(523,628)	(692,276)	(839,299)
Prima facie income tax (benefit) @ 30% (2008: 30%)	(210,946)	(157,088)	(207,683)	(251,790)
- Expenditure not allowable for income tax purposes	43,616	47,829	43,616	47,829
- Temporary differences & tax losses not brought to account as a deferred tax asset	167,330	109,259	164,067	203,961
Income tax reported in income statement	-	-	-	-

3. Income Tax Expense (continued)

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Deferred income tax				
Recognised on the Balance Sheet				
Deferred income tax at 30 June relates to the following:				
Deferred income tax liabilities				
- Capitalised expenditure deductible for tax purposes	1,896,395	1,901,560	92,036	96,497
	1,896,395	1,901,560	92,036	96,497
Deferred income tax assets				
- Tax losses	1,896,395	1,901,560	92,036	96,497
	1,896,395	1,901,560	92,036	96,497
Net deferred tax asset/(liability)	-	-	-	-
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
- Tax losses	757,841	521,652	2,562,941	2,326,715
- Writedown of intercompany loan	-	-	596,711	596,711
- Capital raising costs	7,481	25,393	7,481	25,393
- Other	14,550	4,650	14,550	4,650
Potential unrecognised tax benefit @ 30%	799,872	551,695	3,181,683	2,953,469

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits.

Tax Consolidation

For the purposes of income taxation, the Company and its 100% controlled Australian entity have not elected to form a tax consolidated group. There will be no consequences to the deferred tax assets, deferred tax liability unutilised tax losses by not joining the consolidated tax regime.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009	Company 2008 $
4. Cash and cash equivalents				
Cash at bank and on hand	319,595	369,241	255,416	288,661
Deposits at call	18,443	16,248	-	-
	338,038	385,489	255,416	288,661

As at 30 June 2009 Segue Resources Limited had a business card facility with National Australia Bank for $40,000 of which $1,923 had been used.

The weighted average interest rate for the year was 3.6% (2008: 7.03%)

	Consolidated 2009 $	Consolidated 2008 $	Company 2009	Company 2008 $
5. Trade and other receivables				
Current				
Trade debtors	6,762	1,766	4,996	-
GST receivable	10,977	12,996	10,376	17,432
Environmental bond for EL 10004	5,000	5,000	5,000	5,000
Prepayments	11,576	13,204	11,576	13,204
	34,315	32,966	31,948	35,636

Fair Value and Risk Exposures

(i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
(ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
(iii) Other receivables generally have repayments between 30 and 90 days.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009	Company 2008 $
Non-Current				
Amount receivable from controlled entity	1,989,036	1,989,036	1,989,036	1,989,036
Write-down of intercompany loan	(1,989,036)	(1,989,036)	(1,989,036)	(1,989,036)
	-	-	-	-

Transactions between Segue and its subsidiary consist of intercompany loans, upon which no interest is charged and no repayment schedule exists. The fair value approximates the carrying value of the receivable. A provision for impairment loss was recognised as there was objective evidence that the inter-company loan receivable was impaired.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
6. Financial Assets				
Non-Current				
Shares in controlled entities – at fair value	-	-	4,147,905	4,161,000
	-	-	4,147,905	4,161,000

In the financial statements of the Company, investments in subsidiaries are accounted for at cost and included with other financial assets.

The consolidated entity has the following investments in subsidiaries:

	Class	Country of Incorporation	Investment At Cost 2009 $	Investment At Cost 2008 $
Parent Entity				
Segue Resources Limited	Ord	Australia	-	-
Controlled Entity				
Segue (Pardoo) Limited	Ord	Australia	4,147,905	4,161,000

7. Exploration and evaluation	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Opening balance at 1 July	6,349,533	5,802,368	321,657	281,974
Exploration assets acquired	-	261,000	-	-
Exploration expenditure during the year / (recoupment) during the year	(28,216)	286,165	(14,871)	39,683
Closing balance at 30 June	6,321,317	6,349,533	306,786	321,657

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
8. Property, plant and equipment				
Office equipment				
- At cost	27,065	27,065	15,651	15,651
- Accumulated depreciation	(23,580)	(16,556)	(12,493)	(6,951)
Total office equipment	3,485	10,509	3,158	8,700
Leasehold improvements				
- At cost	-	12,840	-	12,840
- Accumulated depreciation	-	(2,705)	-	(2,705)
Total leasehold improvements	-	10,135	-	10,135
Total property, plant and equipment	3,485	20,644	3,158	18,835

Movement in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Office Equipment	Leasehold Improve	Total
Consolidated:			
Balance at the beginning of the year	10,509	10,135	20,644
Acquisitions	-	-	-
Disposal	(200)	-	(200)
Depreciation expense	(6,824)	(10,135)	(16,959)
Carrying amount at the end of the year	3,485	-	3,485
Company:			
Balance at the beginning of the year	8,700	10,135	18,835
Acquisitions	-	-	-
Disposals	(200)	-	(200)
Depreciation expense	(5,342)	(10,135)	(15,477)
Carrying amount at the end of the year	3,158	-	3,158

	Consolidated		Company	
	2009	2008	2009	2008
	$	$		$
9. Trade and other payables				
Trade creditors and accruals	203,400	414,665	203,400	414,640
	203,400	414,665	203,400	414,640
10. Financial liabilities				
Loan from related parties (Note 22(d))	545,000	-	545,000	-
	545,000	-	545,000	-
11. Issued Capital				
Share capital				
Ordinary shares fully paid	9,435,235	9,297,285	9,435,235	9,297,285

	Consolidated		Company	
	Number	$	Number	$
Movements in ordinary shares on issue				
At 1 July 2008	70,307,050	9,297,285	70,307,050	9,297,285
Issued on 7 August 2008	220,000	11,000	220,000	11,000
Issued on 30 June 2009	10,579,056	126,950	10,579,056	126,950
At reporting date	81,106,106	9,435,235	81,106,106	9,435,235

Terms and conditions of issued capital

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 on shares held.

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

	Consolidated		Company	
	2009	2008	2009	2008
		$	$	$
12. Reserves				
Option reserve – balance 1 July	269,680	269,680	269,680	269,680
Options issued to directors/management	139,991	-	139,991	-
Option reserve – balance 30 June	409,671	269,680	409,671	269,680

The purpose of the reserve is to record share based payment transactions.

13. Accumulated Losses

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Balance at the beginning of the financial year	3,192,998	2,669,370	5,155,816	4,316,517
Net loss attributable to members	703,153	523,628	692,276	839,299
Balance at the end of the financial year	3,896,151	3,192,998	5,848,092	5,155,816

14. Earnings Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Consolidated 2009 $	Consolidated 2008 $
Losses used in calculating basic and diluted earnings per share	703,153	523,628

	2009 Number	2008 Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per shares	70,562,716	63,676,913

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 the either of the years presented.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

15. Auditor's Remuneration

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Amounts received or due and received by PKF for:				
An audit or review of the financial report of the Consolidated Entity	55,039	33,396	55,039	33,396
Taxation advice	28,615	23,693	28,615	23,693
Total remuneration	83,654	57,089	83,654	57,089

16. Contingent Assets and Liabilities

The Group has a contingent liability of $15,000 to The Minister of State Development of Western Australia. This liability represents a contingent liability for future rehabilitation of exploration leases.

There are no other material contingent assets or liabilities as at 30 June 2009

17. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than the following:

- The Company completed a Non-renounceable Rights Issue to existing shareholders on a 1-for-3 basis at an issue price of 1 cent per share to raise $270,354. The Company issued 27,035,369 shares in August 2009.

- The Company completed a placement raising $281,000. The Company has issued 23,416,666 shares at an issue price of $0.012 per share, pursuant to a resolution passed at a Shareholders Meeting on 20 August 2009. At the same Shareholder Meeting it was approved by shareholders that Directors could participate in the placement. Under the resolution, the Company has the ability to issue a further 26,583,334 shares to a total of 50,000,000 shares to raise a total of $600,000.

- The Company issued 20,416,667 shares to Glenn Whiddon (related party) pursuant to a resolution passed at a Shareholders Meeting on 20 August 2009, of which 16,666,667 shares with an agreed value of $200,000 were issued in the consideration for the partial repayment of a working capital loan (Note 10) and 3,750,000 shares were as issued as part consideration for the provision of the working capital loan.

- The Company issued 1,000,000 shares to Richmond Resources Pty Ltd at an issue price of $0.025 pursuant to the acquisition of the remaining 50% of the iron ore rights at the Pardoo Iron Ore Project. In addition, the Company paid a cash amount of $57,500 (inclusive of GST).

18. Commitments

The consolidated entity 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 $68,000 in 2009/10. ($73,000 in 2008/09) These obligations will be met in full by the Joint Venture partners for each area of interest.

The consolidated entity has office space lease commitments of $16,559 per annum.

19. Related Party Transactions

(a) Parent entities

The parent entity within the Group is Segue Resource Limited. The ultimate Australian parent entity is Segue Resource Limited which at 30 June 2009 owns 100% of the issued ordinary shares of Segue (Pardoo) Limited. The ultimate parent entity and ultimate controlling party is Segue Resource Limited (incorporated in Australia) which at 30 June 2009 owns 100% of the issued ordinary shares of Segue (Pardoo) Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 6.

19. Related Party Transactions (contd)

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

(d) Outstanding balances arising from sales/purchases of goods and services

There are no outstanding balances arising from sales/purchases of goods and services

(e) Loans to/from related parties

The loans to Segue (Pardoo) Limited are as follows:

	CONSOLIDATED		PARENT	
	2009 $	2008 $	2009 $	2008 $
Beginning of the year	-	-	-	-
Loans advanced	-	-	-	317,512
Loans written off	-	-	-	(317,512)
End of year	-	-	-	-

(f) Terms and conditions

All loans to subsidiary are made on non-commercial terms. There are no fixed terms for the repayment of loans between the parties. An average interest rate on loans to subsidiary is nil.

20. Segment Reporting

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

21. Financial Risk Management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's and Group's exposure to each of the above risks, their 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. For the Company it arises from receivables due from subsidiaries 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. However, the company reviews management information for subsidiaries to ensure early detection of risks.

21. Financial Risk Management (contd)

(a) Credit risk (contd)

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:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
Trade receivables	34,315	32,966	31,948	35,367
Cash and cash equivalents	338,038	385,489	255,416	288,661
	372,353	418,455	287,364	324,028

Guarantees

Group policy is to provide financial guarantees only to wholly-owned subsidiaries.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:-

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
Trade receivables - counterparties without external credit rating -				
Existing customers with defaults in past.	-	-	-	-
New customers (less than 6 months)	-	-	-	-
	-	-	-	-
Cash and cash equivalents				
AA S&P rating	338,038	385,489	255,416	288,661

(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 by continuously monitoring forecast and actual cash flows.

21. Financial Risk Management (contd)

(b) Liquidity risk (contd)

The Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

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; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total contract-ual cash flows**	**Carrying amount (assets)/liab-ilities**
	$	**$**	**$**	**$**	**$**	**$**	**$**
As at 30 June 2009							
Trade and other payables	203,400	-	-	-	-	203,400	203,400
Financial liabilities	245,000	300,000	-	-	-	545,000	545,000
	448,400	300,000	-	-	-	**748,400**	748,400
As at 30 June 2008							
Trade and other payables	414,665	-	-	-	-	**414,665**	414,665

Parent	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total contract-ual cash flows**	**Carrying amount (assets)/liab-ilities**
	$	**$**	**$**	**$**	**$**	**$**	**$**
As at 30 June 2009							
Trade and other payables	203,400	-	-	-	-	203,400	203,400
Financial liabilities	245,000	300,000	-	-	-	545,000	545,000
	448,400	300,000	-	-	-	**748,400**	748,400
As at 30 June 2008							
Trade and other payables	**414,640**	-	-	-	-	**414,640**	414,640

21. Financial Risk Management (contd)

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The group is not exposed to any foreign exchange risk. Details of interest rate risk are detailed below. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Cashflow and interest rate risk

The Group's and Parent's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the group to cash flow interest rate risk. The Company does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

30 June 2009 Consolidated	Note	Weighted average interest rate	1 year or less $	2-5 years $	Total $
Financial assets					
Cash and cash equivalents		3.6%	338,038	-	338,038

30 June 2008 Consolidated	Note	Weighted average interest rate	1 year or less $	2-5 years $	Total $
Financial assets					
Cash and cash equivalents		7.03%	385,489	-	385,489

Parent Sensitivity

The parent entity's main interest rate risk arises from cash and cash equivalents with variable interest rates. As at 30 June 2009, if interest rates has changed by -/+ 100 basis points from the year end rates with all other variables held constant, post-tax profit (loss) for the year would have been $2,554 lower/higher (2008 – change of 100 basis points: $2,887 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

21. Financial Risk Management (contd)

(c) Market Risk (contd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis for 2009.

		Profit or loss		Equity	
Consolidated - 30 June 2009	**Carrying Value at year end**	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
Cash and cash equivalents	338,038	3,380	-3,380	3,380	-3,380
Trade and other receivables	34,315	-	-	-	-
Cash flow sensitivity (net)		3,380	-3,380	3,380	-3,380
Consolidated - 30 June 2008					
Cash and cash equivalents	385,489	3,855	-3,855	3,855	-3,855
Trade and other receivables	32,966	-	-	-	-
Cash flow sensitivity (net)		3,855	-3,855	3,855	-3,855

		Profit or loss			Equity
Parent - 30 June 2009	**Carrying Value at year end**	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
Cash and cash equivalents	255,416	2,554	-2,554	2,554	-2,554
Trade receivables	31,948	-	-	-	-
Cash flow sensitivity (net)		2,554	-2,554	2,554	-2,554
Parent - 30 June 2008					
Cash and cash equivalents	288,661	2,887	-2,887	2,887	-2,887
Trade receivables	35,636	-	-	-	-
Cash flow sensitivity (net)		2,887	-2,887	2,887	-2,887

21. Financial Risk Management (contd)

(d) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	30 June 2009		30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	34,315	34,315	32,966	32,966
Cash and cash equivalents	338,038	338,038	385,489	385,489
Trade and other payables	(203,400)	(203,400)	(414,665)	(414,665)
Financial liabilities	(545,000)	(545,000)	-	-
	(376,047)	(376,047)	3,790	3,790

Company	30 June 2009		30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	31,948	31,948	35,636	35,636
Cash and cash equivalents	255,416	255,416	288,661	288,661
Trade and other payables	(203,400)	(203,400)	(414,640)	(414,640)
Financial liabilities	(545,000)	(545,000)	-	-
	(461,036)	(461,036)	(90,343)	(90,343)

(e) Other Price Risk

The Group has no significant concentrations of price risk.

(f) Capital Management

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.

22. 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 reporting period and unless otherwise indicated were key management personnel for the entire period

Directors

Glenn Whiddon
Paul Fry
Jurgen Hendrich

22. Key Management Personnel Disclosures (contd)

(a) Details of Directors and Key Management Personnel (contd)

Other Key Management Personnel

During the financial period there were no employees that fulfilled the role of a key management person, other than those disclosed as Directors.

(b) Key management personnel compensation

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

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Short-term employee benefits	92,400	178,100	92,400	178,100
Post employment benefits	-	-	-	-
Equity compensation benefits	106,773	-	106,773	-
	199,173	178,100	199,173	178,100

(c) Equity Instrument Disclosures Relating to Key Management Personnel

(i) *Options provided as remuneration and shares issued on any exercise of such options*
Details of options provided as remuneration and shares issued on any exercise of such options, together with terms and conditions can be found within the Directors' Report.

(ii) *Option holdings*
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:

2009	Balance 1 July 2008	Granted as Remuner-ation	Options Exercised	Net Change Other	Balance 30 June 2009	Options Vested at Reporting Date	Options not Vested at Reporting Date
Directors							
G Whiddon	1,181,250	3,000,000	-	6,000	4,187,250	2,687,250	1,500,000
P Fry	-	3,000,000	-	-	3,000,000	1,500,000	1,500,000
J Hendrich	-	3,000,000	-	-	3,000,000	1,500,000	1,500,000
	1,181,250	9,000,000	-	6,000	10,187,250	5,687,250	4,500,000

22. Key Management Personnel Disclosures (contd)

(c) Equity Instrument Disclosures Relating to Key Management Personnel (continued)

2008	Balance 1 July 2007	Granted as Remuner-ation	Options Exercised	Net Change Other	Balance 30 June 2008	Options Vested at Reporting Date	Options not Vested at Reporting Date
Directors							
R Cross (i)	1,181,250	-	-	(1,181,250)	-	-	-
G Whiddon	1,181,250	-	-	-	1,181,250	1,181,250	-
P Fry (ii)	-	-	-	-	-	-	-
J Hendrich (ii)	-	-	-	-	-	-	-
R Downey (i)	600,000	-	-	(600,000)	-	-	-
J Arbuckle (i)	630,000	-	-	(630,000)	-	-	-
	3,592,500	-	-	(2,411,250)	1,181,250	1,181,250	-

I. Resigned during the year
II. Appointed during the year.

(iii) *Share holdings*

The number of ordinary shares in the Company held during the financial year 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:

2009	Balance 1 July 2008	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2009
Directors					
G Whiddon	2,299,990	-	-	512,000	2,811,990
P Fry	1,000,000	-	-	142,500	1,142,500
J Hendrich	-	-	-	-	-
	3,299,990	-	-	654,500	3,954,490

2008	Balance 1 July 2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2008
Directors					
R Cross	581,250	-	-	(581,250)	-
G Whiddon	590,850	-	-	1,709,140	2,299,990
P Fry (ii)	-	-	-	1,000,000	1,000,000
J Hendrich (ii)	-	-	-	-	-
R Downey (i)	300	-	-	(300)	-
J Arbuckle (i)	60,300	-	-	(60,300)	-
	1,232,700	-	-	2,067,290	3,299,990

(i) Resigned during the year
(ii) Appointed during the year

22. Key Management Personnel Disclosures (contd)

(d) Related Party Loan

Between 30 October 2008 and 9 June 2009, an entity controlled by Mr Glenn Whiddon, the Executive Chairman, provided the Company with a $500,000 working capital loan facility. The loan was provided with no fixed repayment term, however subsequent to year end agreement was reached and approved by shareholders on 20 August 2009 that:

(i) An amount of $200,000 be repaid in kind by way of the issue of 16,666,667 ordinary fully paid shares in the capital of the Company

(ii) The balance of $300,000 be repaid in cash, such repayment to be made from the proceeds of a capital raising to be undertaken by the Company; and

(iii) 3,750,000 shares be issued as consideration for the provision of the working capital loan, equivalent to a nominal interest amount of $45,000 through to 31 August 2009. The nominal interest charge equates to the interest that would have been required to have been paid by the Company had the loan been provided by an arm's length party.

23. 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 year:
Granted to Directors and approved by shareholders on 28 November 2008:

- 4,500,000 options expiring 30 November 2011, exercisable at $0.08 each, vesting on 30 November 2008; and
- 4,500,000 options expiring 30 November 2011, exercisable at $0.08 each, vesting on 30 November 2009.

Granted to Consultants and approved by shareholders on 28 November 2008:

- 700,000 options expiring 30 November 2011, exercisable at $0.08 each, vesting on 30 November 2008; and
- 700,000 options expiring 30 November 2011, exercisable at $0.08 each, vesting on 30 November 2009.

These options are not listed and may not be traded.

The fair value of the options are estimated at the date of grant using the binomial model. The following table gives the assumptions made in determining the fair value of the options granted:

Grant date	22/12/2008	22/12/2008
Dividend yield (%)	-	-
Expected volatility (%)	99.06	95.35
Risk-free interest rate (%)	4.7	4.78
Vesting date	30/11/2008	30/11/2009
Expected life of option (years)	3	3
Option exercise price ($)	0.08	0.08
Share price at grant date ($)	0.05	0.05
Valuation of Option ($)	0.237	0.241

23. Share Based Payments (contd)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

During the year ended 30 June 2009 nil options were exercised over ordinary shares. Balance from 2008 is nil.

Movement in number of share options held by past and present directors, employees, consultants and advisors:

Expiry Date	2009 No.	2008 No.
Outstanding at the beginning of the year	1,181,250	1,181,250
Granted during the year	9,000,000	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	10,181,250	1,181,250
Exercisable at the end of the year	5,681,250	1,181,250

The weighted average contractual life for the share options outstanding as at 30 June 2009 is 2.25 years (2008: 2 years).

24. Reconciliation of Cash Flows from Operating Activities

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Cash flows from operating activities				
Loss for the year	(703,153)	(523,628)	(692,276)	(839,299)
Non-cash flows in profit:				
- Depreciation	16,959	8,558	15,477	4,848
- Share based remuneration	139,991	-	139,991	-
- Profit on sale of equity investments	-	(135,019)	-	(135,019)
- Revaluation of equity investments to fair value	-	159,375	-	159,375
- Writedown of intercompany loan	-	-	-	317,513
- Bad debt	-	27,849	-	27,849
Changes in assets and liabilities				
- Decrease/(increase) in trade receivables	(1,349)	61,871	3,688	(16,808)
- Increase/(decrease) in trade creditors and accrual	94,869	(10,198)	94,596	(3,732)
Net cash from operating activities	(452,683)	(411,192)	(438,524)	(485,273)

DIRECTORS DECLARATION

The directors of Segue Resources Ltd declare that:

(a) in the directors' opinion the financial statements and notes and the Remuneration report in the Directors Report set out on pages 4 to 63, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note; and

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

The directors have been given the declarations required by Section 295A of the Corporations Act 2001, by the chief executive officer and chief financial officer for the financial year ended 30 June 2009. Signed in accordance with a resolution of the directors.

Glenn Whiddon
Director

Perth, Western Australia
30 September 2009

Chartered Accountants
& Business Advisers

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 balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Segue Resources Limited (the company) and the consolidated entity. The consolidated entity comprises the entity and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 and fair presentation of the financial report 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.

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PKF

Chartered Accountants
& Business Advisers

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

Independence

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

Auditor's 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 entity's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements and notes complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Segue Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF
Chartered Accountants

Neil Smith
Partner

Dated at Perth, Western Australia this 30th day of September 2009.

Shareholders Information

As At 25 September 2009

1. Total number of issued fully paid ordinary shares was 152,974,808.

2. Distribution of Holders

	Number of Holders Shares	Number of Holders Options
1-1,000	23	-
1,001-5,000	31	3
5,001 – 10,000	17	150
10,000 – 100,00	247	41
100,001 – and over	148	5
Total	466	199

3. The number of holders of less than a marketable parcel of fully paid shares is 61.

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

	Number of Shares Held	Percentage Held
Lagral SCP	23,694,587	15.49
NEFCO Nominees Pty Ltd	13,555,698	8.86
Mr Nigel Thomas Tarratt <Nigel Tarratt Super Fund A/C>	13,477,711	8.81
Sunbeam Securities Pty Ltd	11,545,160	7.55

5. Top 20 Shareholders

	Number of Shares Held	Percentage Held
Lagral SCP	23,694,587	15.49
NEFCO Nominees Pty Ltd	13,555,698	8.86
Mr Nigel Thomas Tarratt <Nigel Tarratt Super Fund A/C>	13,477,711	8.81
Sunbeam Securities Pty Ltd	11,545,160	7.55
Fiske Nominees Ltd	5,053,966	3.30
Vogue Overseas SA	4,406,250	2.88
BNS Investments (WA) Pty Ltd	4,035,136	2.64
Bank SAL Oppenheim JR & CIE (SWITZ) AG	3,468,750	2.27
Theseus Investments Pty Ltd	3,436,803	2.25
Professional Trading Services SA	3,262,500	2.13
HSBC Custody Nominees (Australia) Ltd	2,341,333	1.53
Wisevest Pty Ltd	1,900,000	1.24
Ashabia Pty Ltd	1,800,000	1.18
Blackmort Nominees Pty Ltd	1,559,664	1.02
Ord Superannuation Pty Ltd	1,438,826	0.94
Aton Select Fund Limited	1,350,000	0.88
Mount Royal Pty Ltd	1,333,334	0.87
Miss Gillian Evans	1,231,667	0.80
Mr Ianaki Semerdziev	1,230,119	0.80
Asset Protection Fund Limited	1,200,000	0.79
Total	101,232,504	
Shares on issue	152, 974,808	

Shareholders Information
As at 25 September 2009

6. Top 20 Option Holders

	Number of Options Held	Percentage Held
Ord Superannuation Pty Ltd	363,000	11.12
Mr Brian Boyd Bradford	311,000	9.53
Mr Cameron Marr	238,500	7.31
Mr Rowan Jasper	125,225	3.84
Mr Scott Duncan & Mrs Shelley Duncan	125,100	3.83
Mrs Maria Munyard	87,713	2.69
P & F George Pty Ltd	75,000	2.30
Mr Stefan Hicks	66,000	2.02
Truwest Pty Ltd	66,000	2.02
Mr Nicholas Koreneff & Mrs Linds Koreneff	60,000	1.83
West Edge Investments Pty Ltd	60,000	1.83
Mrs Judith Smith	57,000	1.77
Dalkeith Resources Pty Ltd	54,000	1.65
Ms Jeanette Terpens	46,160	1.41
Dr Henry Kistall	36,000	1.10
Mr Scott Duncan & Mrs Shelley Duncan	32,500	0.99
Mr Julian Coyne	30,000	0.92
Mr John Arbuckle	30,000	0.92
Mr David Kennedy	30,000	0.92
Carmant Pty Ltd	30,000	0.92
Total	1,923,198	
Options on Issue	3,264,000	

7. Restricted Securities

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

8. Voting Rights

Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorized representative who is present in person or by proxy, shall have one vote for every fully paid share of which he is holder.

Options

Options have no voting rights until such options are exercise as fully paid ordinary shares.

9. On-market Buy-Back

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

Shareholders Information
As at 25 September 2009

10. Unlisted Options

	Class of Unlisted options	No. of Options	No. Holders
a)	Options Exercisable at 17 cents each on or before 30 June 2010	5,400,000	26
	Holdings of more than 20% of this class		
	- SIB Investments Limited	2,250,000	
b)	Options exercisable at 8 cents on or before 30 June 2010	16,968,750	19
	Holdings of more than 20% of this class		
	- Bank SAL Oppenheim JR & CIE (SWIRZ) AG	3,468,750	
	- Vogue Overseas SA	4,406,250	
c)	Options exercisable at 20 cents on or before 30 June 2010	3,300,000	5
	Holdings of more than 20% of this class		
	- Mr Robert Cross	750,000	
	- Mr Glenn Whiddon	750,000	
d)	Options exercisable at 13 cents on or before 30 June 2010	6,000,000	3
	Holdings of more than 20% of this class		
	- Bermalc Pty Ltd	1,500,000	
	- Professional Trading Services	4,020,000	
e)	Options exercisable at 8 cents on or before 30 November 2011	5,250,000	7
	Holdings of more than 20% of this class		
	- Lagral SCP	1,500,000	
	- Mount Royal Pty Ltd	1,500,000	
	- Blue Mount Estate Pty Ltd	1,500,000	

11. Tenement Schedule

Project	Manager	Tenement No.	Interest
Coronet Hill	Segue Resources	EL10004	100% (i)
Pardoo	Mithril Resources	EL45/1866	100%, (ii)
Pardoo	Mithril Resources	EL 45 /1866	100%, (ii)
Pardoo	Mithril Resources	EL 45/2146	100%, (ii)
Pardoo	Mithril Resources	PL 45/2572	100%, (ii)

(i) The farminee North River plc has the right to earn a 51% interest in the permit via the expenditure of £2,000,000.

(ii) The farminee Mithril Resources has the right to earn a 51% interest in the permit by expending $5,500,000 over a 4 year period and to earn a 65% interest by spending a further $10 million or completing a bankable feasibility study