



ABN 49 112 609 846

**Half-Year Financial Report
31 December 2016**

CORPORATE INFORMATION

Directors

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

Company Secretary

Matthew Foy

Registered Office

Unit 16, 40 St Quentin Avenue

Claremont WA 6010

Telephone: (08) 9383 3330

Facsimile: (08) 9486 4799

Email: info@segueresources.com

Auditors

Pitcher Partners Corporate & Audit (WA) Pty Ltd

1/914 Hay Street

Perth WA 6000

Bankers

ANZ Banking Group Limited

32 St Quentin Avenue

Claremont WA 6010

Share Registry

Advanced Share Registry Service

150 Stirling Highway

Nedlands WA 6009

Stock Exchange Listing

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

ASX Code: SEG

CONTENTS

Directors' Report.....	3
Auditor's Independence Declaration	15
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	16
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity.....	18
Condensed Consolidated Statement of Cash Flows	19
Notes to and forming part of the Consolidated Financial Statements	20
1. Corporate Information	20
2. Summary of Significant Accounting Policies	20
3. Exploration and Evaluation Costs.....	21
4. Contributed Equity	22
5. Share Based Payments	23
6. Segment Information	24
7. Commitments & Contingencies	25
8. Fair Values of Financial Instruments	25
9. Events after the Balance Sheet Date.....	25
10. Related Party Disclosures.....	25
Directors' Declaration	26
Independent Auditor's Review Report	27

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2016 (**Period**).

DIRECTORS AND MANAGEMENT

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

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

REVIEW AND RESULTS OF OPERATIONS

The principal activity of the Company and its subsidiaries during the Period was mineral exploration. The net operating loss for the half-year ended 31 December 2016 was \$513,356 (31 December 2015: \$670,743).

OVERVIEW & HIGHLIGHTS

During the Period, the Company announced it had acquired six tenements (960km²) at the Barlee Gold Project, 180km north of Southern Cross. Rock chip sampling has confirmed the potential for high grade, near surface gold mineralisation.

Segue also announced that stream sediment sampling at the Gascoyne Lithium Project had identified five lithium prospects and detailed soil sampling at the Reid Well and Camel Hill prospects commenced in February 2017.

At Segue's Plumridge Gold Project, 3,147m of aircore drilling was completed with several gold anomalies defined at the southern extent of the Harris Lake Shear Zone.

Segue's joint venture partner in the Plumridge Nickel Project, MMG Ltd (**MMG**), continued a moving loop electromagnetic (**MLEM**) survey and met its requirement to spend \$1.5 million by December 2016.

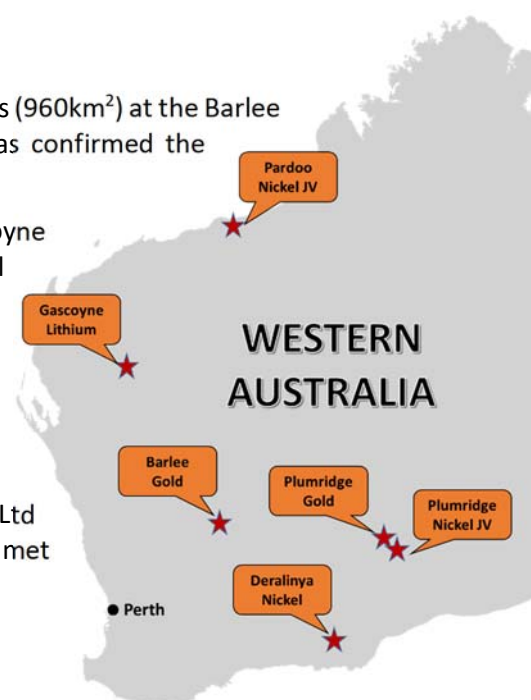
BARLEE GOLD PROJECT

Eastern Goldfields, Western Australia

During the Period Segue announced it had applied for six exploration licences at the Barlee Gold Project covering 960km² of highly prospective greenstone belts, 180km north of Southern Cross in the Eastern Goldfields of Western Australia. The Barlee Gold Project covers over 120 strike kilometres of the Evanston, South Elvire and Yerilgee Greenstone Belts which straddle the Evanston and Yuinmery Shear Zones.

The greenstone belts have been held by iron ore companies for the majority of the past 20 years. The last significant gold exploration was conducted in the 1990's when several targets were identified and remain untested. In addition, most of the outcropping ground has not been covered by surface geochemistry.

Segue completed an orientation survey at the Barlee Gold Project in October 2016. During this programme, several rock chip samples were collected around historical workings at Rainy Rocks, in the southern portion of exploration licence E77/2403. The Rainy Rocks prospect is located on the north-eastern limb of a tightly folded anticline containing a banded iron formation (**BIF**) and ultramafic sequence within the Evanston Greenstone Belt (**Figure 1**). This sequence extends to along the Evanston Shear Zone towards the historical Evanston Gold Mine, approximately 12km the south-west from Rainy Rocks.



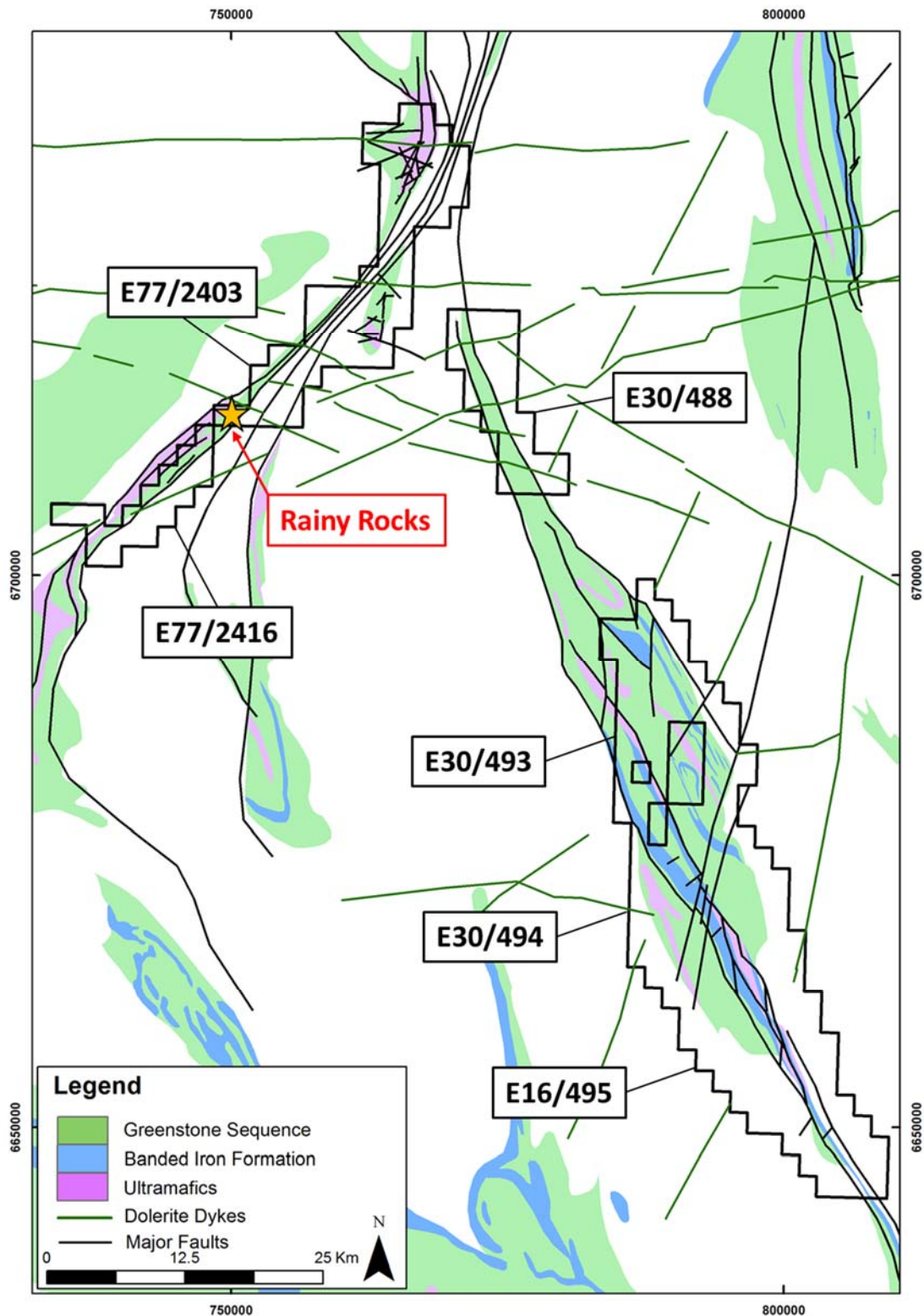


Figure 1: Barlee Gold Project simplified geology showing Rainy Rocks prospect

A total of 24 rock chip samples (weighing 2-3kg per sample) were collected from the Rainy Rocks workings, over a strike length of 100m. Significant assay results of >1g/t Au were returned from 12 of the samples, with a peak value of 23.7g/t Au in a brecciated BIF. Significant assay results were also received from samples of mullock dumps and schists (Figure 2). In addition, historical RAB drill hole LRRB12 (drilled in 2004), intersected 18m @ 1.18g/t Au, including 4m @ 3.8g/t Au from 16m.

DIRECTORS' REPORT

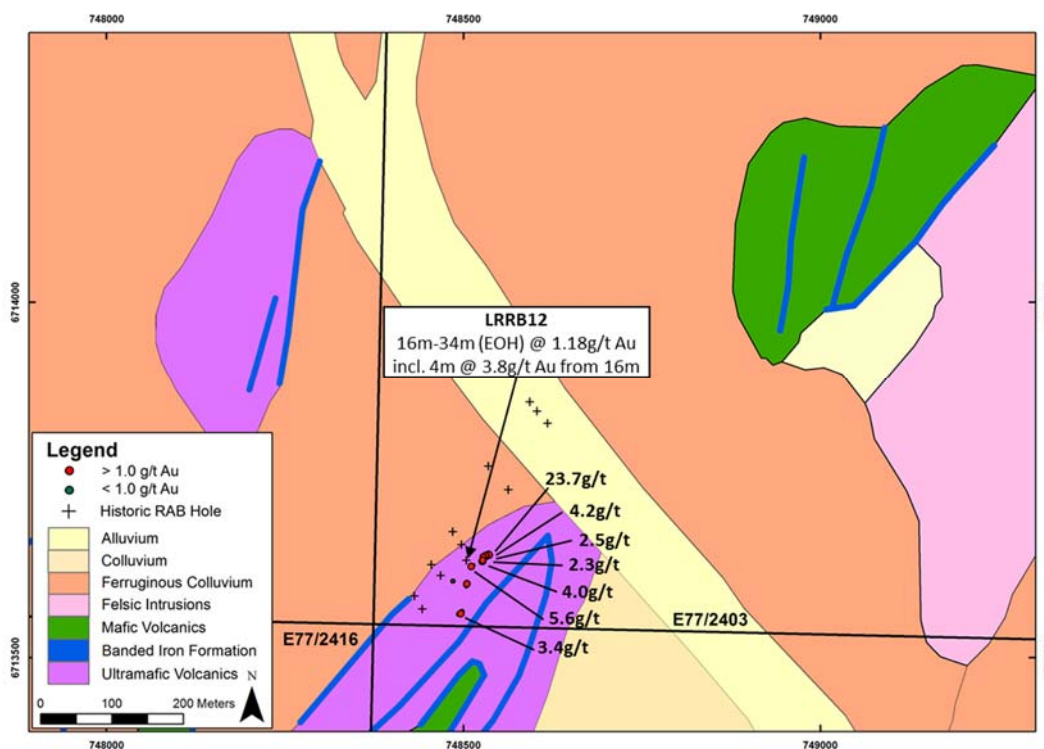


Figure 2: Rock chip sample locations showing +1g/t Au assay results

The geological setting of the Rainy Rocks prospect and wider Evanston Greenstone Belt is characteristic of BIF-hosted brittle vein gold deposits within the Southern Cross Domain. Combined historical production and current resources from these types of deposits in the Southern Cross District include Copperhead (7.4mt @ 5.53g/t Au), Cornishman (3.3mt @ 4.56g/t Au), Golden Pig (1.5mt @ 4.87g/t Au) and Nevorla (8.8mt @ 3.2g/t Au)¹.

Segue commenced its next major exploration programme at the expanded Barlee Gold Project in December 2016. The work programme included drainage BLEG (Bulk Leach Extractable Gold) sampling over areas without historical coverage and gridded multi-element soil surveys over identified prospects. The fieldwork programme was completed in late December.

The surface geochemical work has been undertaken in conjunction with the acquisition and interpretation of geophysical and geological data which will be used to rank prospects to define drill targets. Prospective areas will be followed up with detailed multi-element soil sampling in 2Q 2017 with the aim of defining drill targets to coincide with the granting of the tenements.

GASCOYNE LITHIUM PROJECT

Gascoyne Region, Western Australia

During the Period, Segue announced it had exercised its option to acquire Next Advancements Pty Ltd (**Next**), which has a 100% interest in three exploration licence applications covering approximately 220km² at Morrissey Hill in the Gascoyne region of Western Australia. Segue entered into the option and acquisition agreement with Next in March 2016 (refer to ASX announcement on 31 March 2016) as part of the Gascoyne Lithium Project.

The Next tenements are a key component of the Project, as the tenements cover a large portion of the highly fertile Thirty Three Supersuite, which displays the same range of fractionation from barren to highly fractionated as known lithium deposits. This demonstrates the fertility of the Project to contain lithium-bearing minerals.

¹ Resources at Copperhead, Cornishman and Nevorla are from Hanking Gold Mining Pty Ltd, as at July 2016.

DIRECTORS' REPORT

In November 2016, Segue completed a stream sediment survey over the 1,100 km² Gascoyne Lithium Project to identify areas prospective for lithium-caesium-tantalum (LCT) pegmatites. The project area has a well-developed drainage system and the stream sediment programme was designed to identify lithological packages with anomalous LCT pegmatite pathfinder elements (Li, Cs, Ta, Nb, Be, Rb) which may indicate the erosion of an outcropping or sub-cropping mineralised LCT pegmatite. The survey consisted of ~1,300 samples collected at a density of 1-3 samples per square kilometre. The results were reviewed by Segue's consulting geochemist and five prospects have been identified with LCT pathfinder element anomalism in the correct geological setting proximal to fertile granite intrusions of the Thirty Three Supersuite (**Figure 3**).

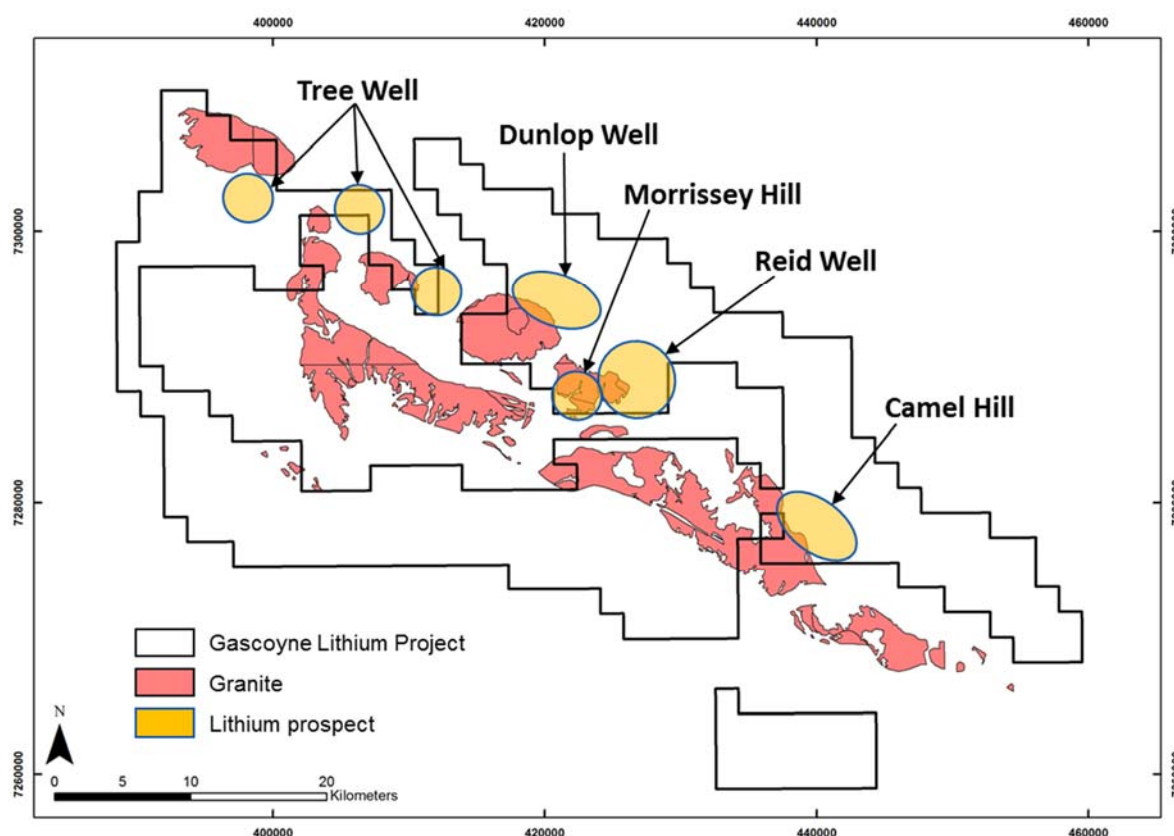


Figure 3: Simplified geology with lithium prospects

A high priority prospect has been identified at Reid Well where a 10km², multipoint anomaly has been defined in sediments within 3km of a fertile and fractionated granite of the Thirty Three Supersuite. This anomaly shows zonation from a caesium outer halo to an inner core of Li-Cs-Ta + Nb, Be and Rb (**Figure 4**). The geological setting of this anomaly is highly significant and consistent with major lithium deposits, such as Pilgangoora in Western Australia and Tanco, Mavis Lake and Raleigh Lake in Canada.

Segue will undertake a detailed soil sampling, rock chipping and stream sediment sampling programme at the Reid Well and Camel Hill prospects in February 2017. The programme will include systematic close-spaced soil sampling (50m x 50m) at Reid Well. Assay results are expected to be received in April 2017. The aim of the programme is to identify lithium-bearing pegmatites and geochemical targets for drill testing in 2Q 2017, which should coincide with exploration licences being granted.

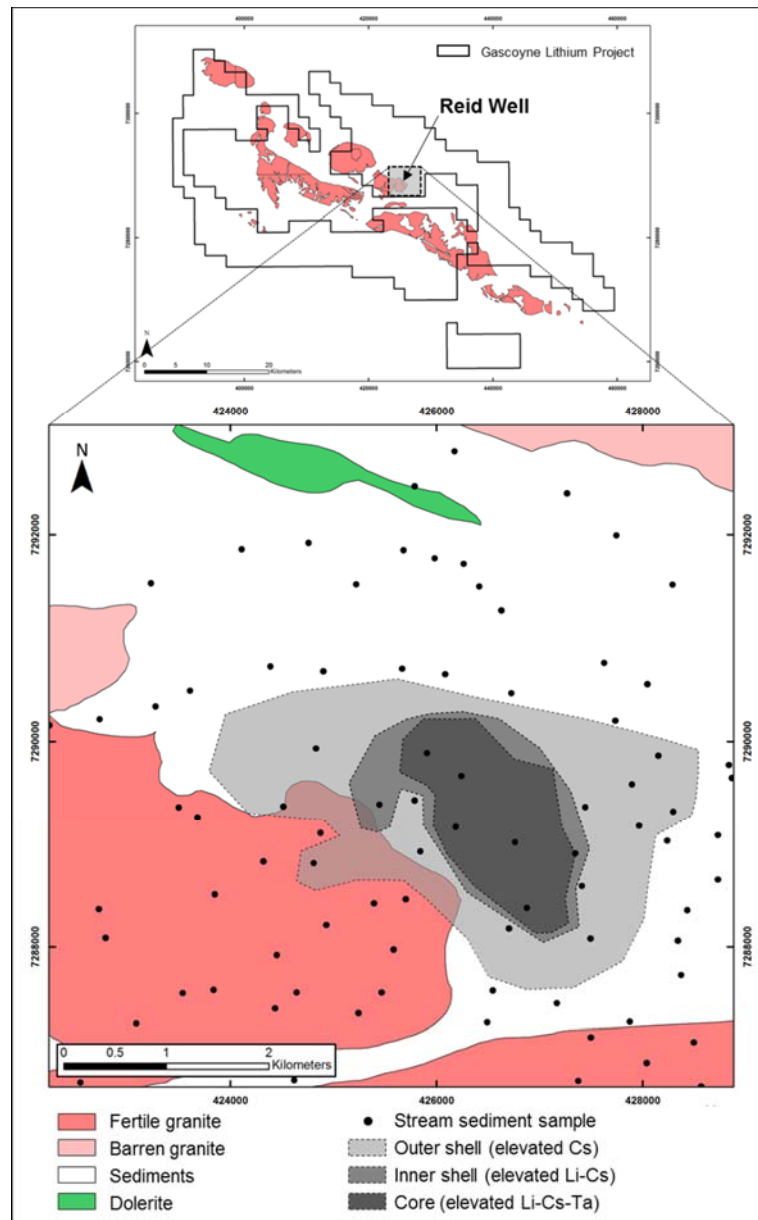


Figure 4: Reid Well LCT element zonation patterns

PLUMRIDGE NICKEL PROJECT

Fraser Range Province, Western Australia

Plumridge Nickel Joint Venture (Segue 100%, MMG earning up to 70%)

During the Period, Segue’s joint venture partner, MMG Exploration Pty Ltd (**MMG**), commenced a detailed Ground Moving Loop Electromagnetic (**MLEM**) survey at the Plumridge Nickel Project in the Fraser Range Province of Western Australia. The MLEM survey will test an initial portfolio of at least 15 target areas for a conductive response, i.e. direct detection of potential massive Ni-Cu sulphides.

Commencement of the MLEM survey follows the completion of Stage 2 of a 400m x 200m detailed gravity survey by MMG consisting of over 16,000 stations, providing a significant increase in data resolution across the majority of the Plumridge Nickel Project area. By the end of December 2016, a total of 1,069 stations had been completed. MLEM has tested 15 targets as well as one grid of fixed loop EM over the north-east tip of grid 8 (**Figure 5**).

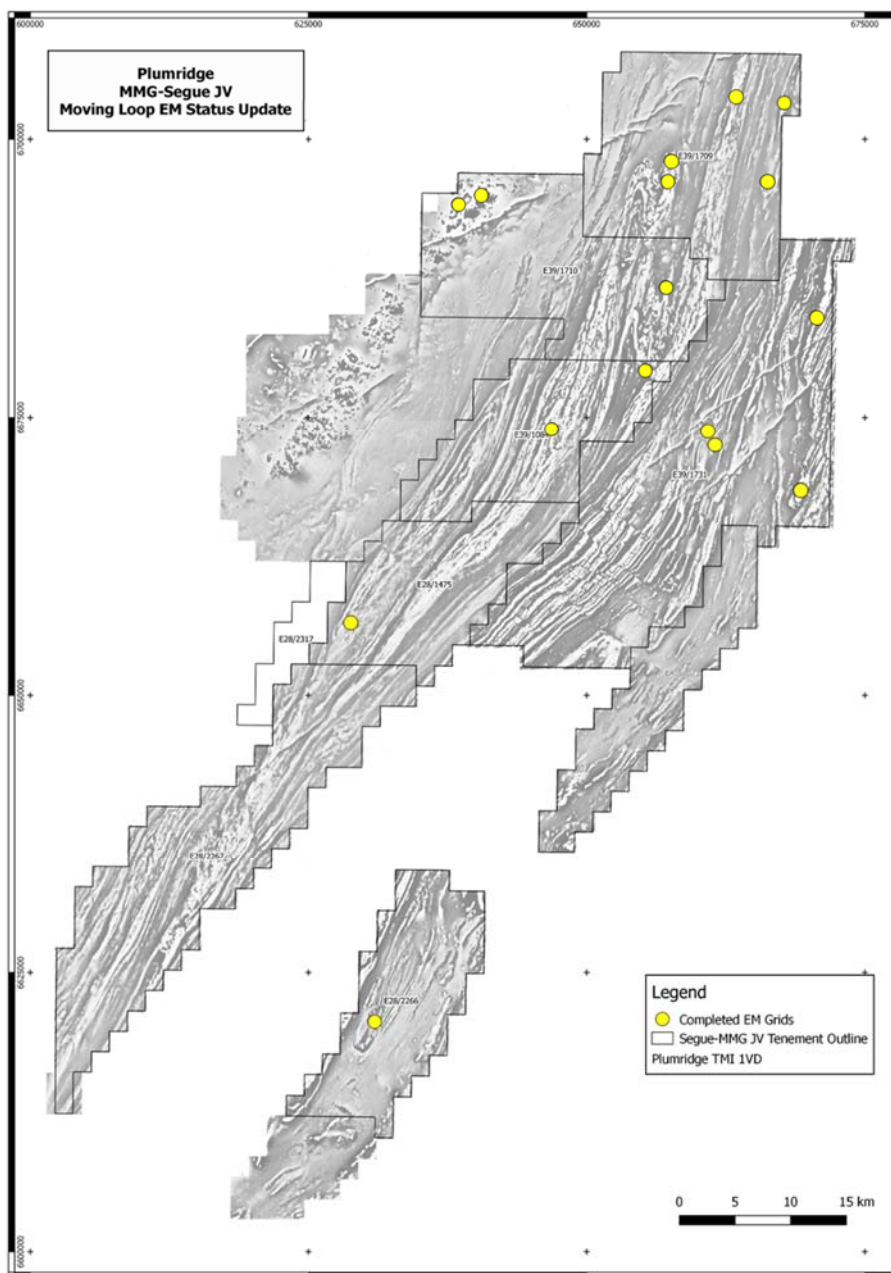


Figure 5: Plumridge Nickel Project showing 1VD gravity image with MLEM targets

MMG has ensured all tenements remain in good standing and expenditure on the JV tenements to the end of December 2016 was \$1.6 million. Under the terms of the Plumridge Nickel JV, MMG was required to spend at least \$1.5 million on exploration by 31 December 2016. MMG can earn a 51% interest in the Plumridge Nickel JV through the expenditure of \$6.5 million on exploration by 31 December 2019.

PLUMRIDGE GOLD PROJECT
Fraser Range Province, Western Australia

Segue has a 100% interest in four exploration licences immediately to the west of the Plumridge Nickel Project. Exploration by previous tenement owners has identified a significantly mineralised shear zone, the Harris Lake Shear Zone (HLSZ), which is visible on magnetic imagery and which runs north-south through tenements E39/1117 & E39/1118.

DIRECTORS' REPORT

During the Period, Segue completed a 3,147m aircore drilling programme consisting of 57 holes, testing an area of structural complexity along the southern extent of the HLSZ (**Figure 6**), which may form a trap for mineralisation. Historical exploration focused on a 12km semi-continuous zone of gold endowment at the northern end of the HLSZ. The southern extent of the HLSZ has undergone minimal exploration as the structure is overlain by the post-mineralisation Paterson Formation (up to 70m thick).

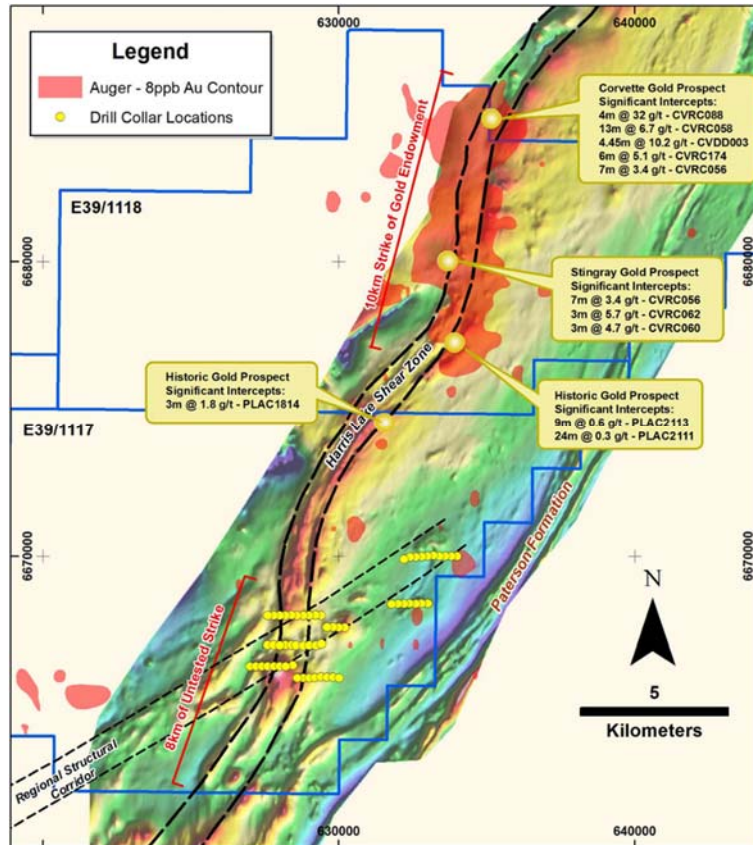


Figure 6: Plumridge Gold detailed drilling plan

In September 2016, Segue advised that ten drill holes returned anomalous gold assays (+10ppb Au) across adjacent holes and traverses. The best result, from hole PLSAC008, intersected 116ppb Au, which is in the 99th percentile of all gold intersected in over 90,000m of historical aircore drilling at the Plumridge Gold Project. Two discrete priority targets have been identified with anomalous gold in adjacent holes, coincident with the Corvette and Stingray Trends and magnetic anomalies (**Figure 7**).

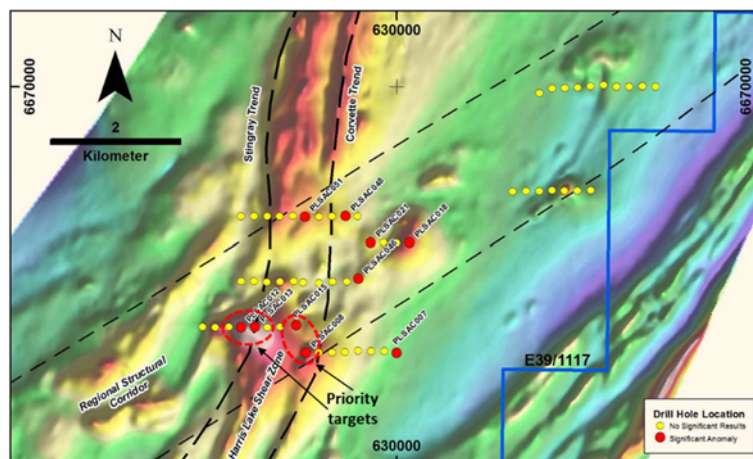


Figure 7: Aircore drill collar locations

DIRECTORS' REPORT

In addition to the aircore drilling programme, Segue has reviewed all historical exploration along the northern portion of the Harris Lake Shear Zone to identify and rank priority targets on exploration licences E39/1117 and E39/1118. Multiple exploration targets still exist within the Corvette-Mustang-Stingray area, with previous aircore drilling defining significant gold anomalism within the regolith.

Segue has undertaken an ultra-high resolution aeromagnetic survey over the project area in December 2016/January 2017. The survey data is currently being processed and will be combined with existing magnetic, drilling and geochemical data to define targets for an RC drill programme in 1H 2017.

PARDOO NICKEL PROJECT

Pilbara Region, Western Australia

(Segue 49%, Caeneus Minerals 51%)

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

Initial target selection by Caeneus and Southern Geoscience Consultants is based on identifying the potential base of the large layered mafic-ultramafic intrusion where it is in contact with the regional Pardoo Fault. The base of this contact is where magmatic nickel and copper sulphides are interpreted to have accumulated, including the Highway Ni-Cu deposit.

The survey has identified several complex linear magnetic anomalies adjacent to the Pardoo Fault at the interpreted base of the large mafic-ultramafic intrusion (**Figure 8**). These aeromagnetic targets are deemed high priority.

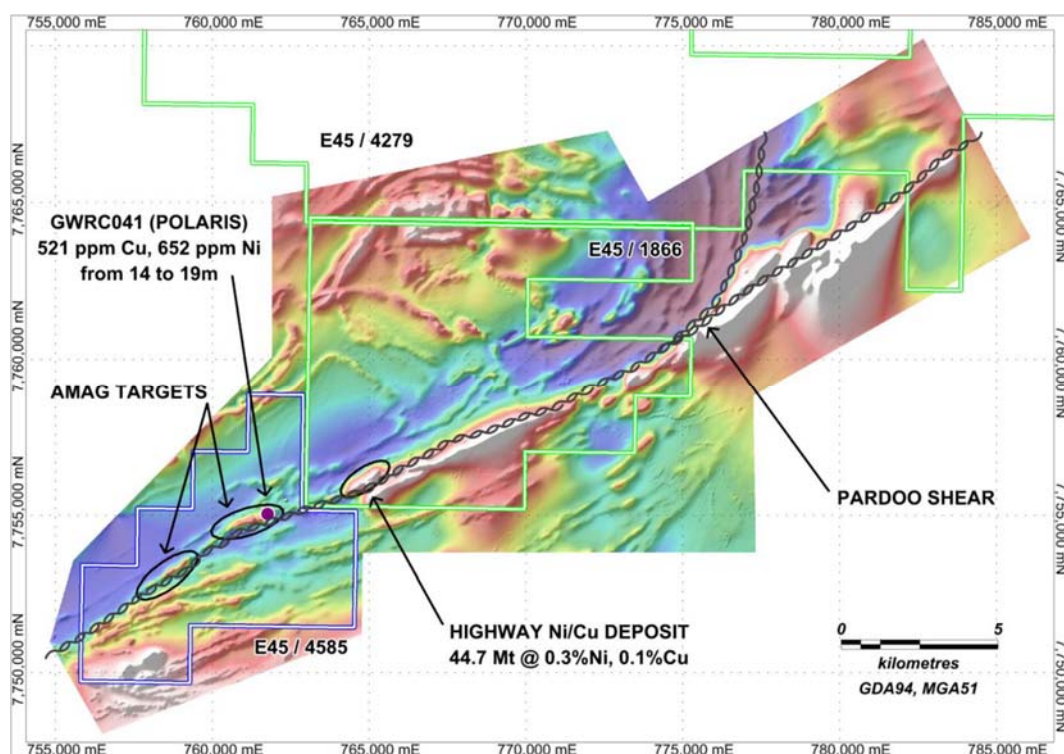


Figure 8: Aeromagnetic image highlighting the Pardoo Fault/Shear along with the two high priority targets

Detailed assessment of this large intrusion to delineate high priority Ni-Cu-Pge exploration targets, especially near the base of the intrusion adjacent to the Pardoo Fault, will form the core focus of exploration activities in the short to medium term. These activities are likely to include detailed ground based gravity and moving loop EM surveys followed up by RC and diamond drilling programmes.

DIRECTORS' REPORT

DERALINYA NICKEL PROJECT

Fraser Range Province, Western Australia

(Segue 70%, Omni GeoX 30%)

The Deralinya Project in the southern portion of the Fraser Range Province in Western Australia is subject to a joint venture agreement with the Company's geological consultants, Omni GeoX (**Omni**).

A litho-tectonic assessment of the Deralinya Nickel Project has confirmed the area as having potential to host Ni-Cu±PGE mineralisation and has also resulted in the identification of six target areas (**Figures 9 & 10**). Targets were identified using the following criteria:

- Magnetic 'bulls-eye' or magnetic low cross cutting stratigraphy;
- Association with a gravity high that cross cuts stratigraphy; and
- Proximal to regional NE and NW orientated fundamental structures.

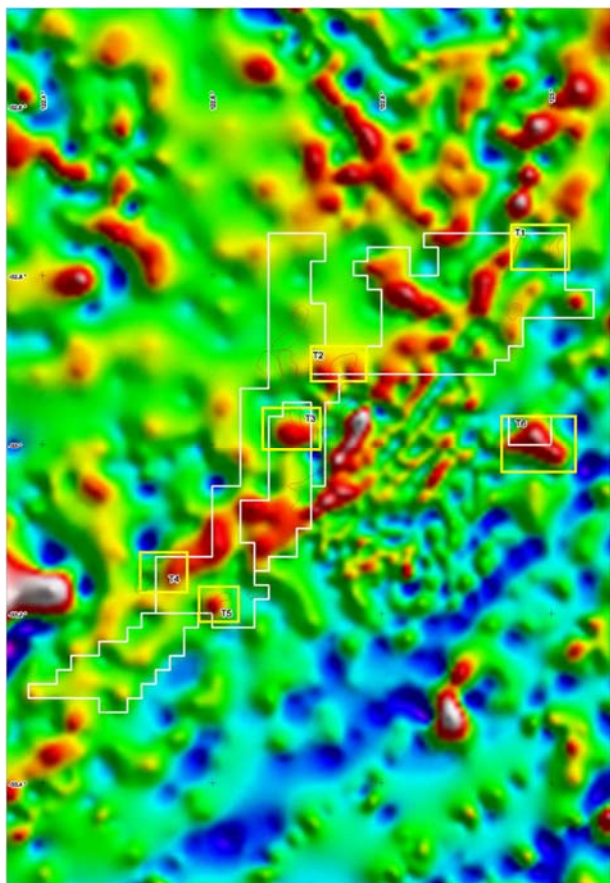


Figure 9 – 1VD gravity image with target areas

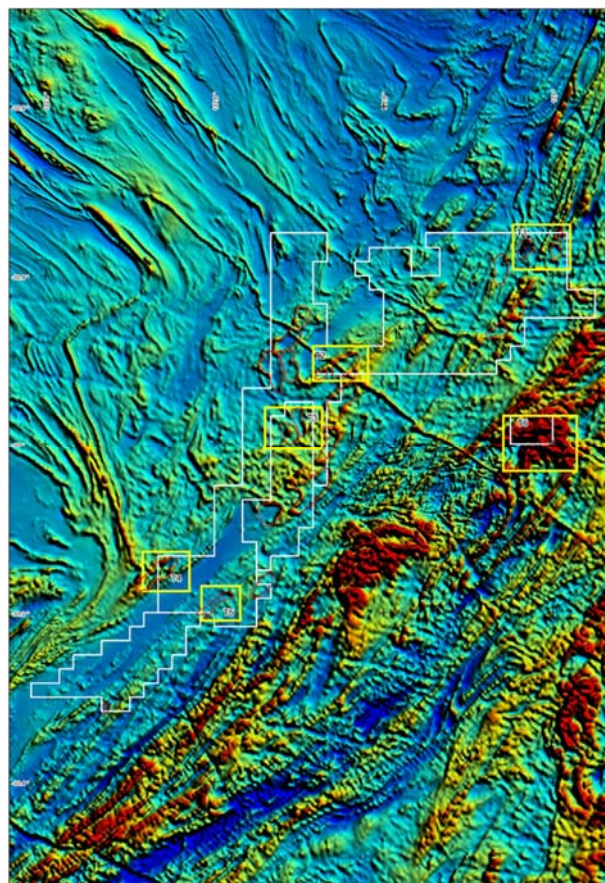


Figure 10 – GSWA magnetics depicting magnetic anomalies

Competent Persons Statement

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

DIRECTORS' REPORT

CORPORATE AND FINANCIAL

Acquisition of Next Advancements Pty Ltd

During the Period, Segue advised that it had exercised its option to acquire Next Advancements Pty Ltd (**Next**). Pursuant to the option and acquisition agreement entered into in March 2016, Segue issued Next 100 million Segue shares in exchange for 100% of the share capital of Next on 15 August 2016.

Acuity Capital Placement

On 5 September 2016, Segue completed a placement of 112 million shares at 0.45¢ per share to raise net proceeds of \$500,000 to Acuity Capital Pty Ltd (**Acuity**) pursuant to the Controlled Placement Agreement announced on 19 August 2015. During the Period, the Controlled Placement Agreement expired and the Company has elected to not renew the facility with Acuity.

\$1.2 Million Placement to Accelerate Gold and Lithium Exploration

During the Period, Segue raised an additional \$1.2 million through a placement of 600 million shares at an issue price of 0.2¢ per share plus 300 million options (exercise price 0.5¢, expiry 30 June 2019) (**Placement**). The Placement was supported by existing and new shareholders.

Shareholder Meetings

On 18 October 2016, the Company held a meeting of shareholders at which shareholders approved, amongst other things, the issue of performance-based incentive shares to each of the Directors of the Company. Accordingly, on 19 October 2016 the Company issued a total of 130 million ordinary shares to Directors and management pursuant to the Segue Employee Share Loan Plan on the terms and conditions set out in the Notice of General Meeting dated 16 September 2016.

On 22 November 2016, the Company held its Annual General Meeting where all resolutions put to shareholders were passed on a show of hands.

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the Period, on 13 March 2017, Segue advised it had mailed to shareholders a Notice of Meeting seeking shareholder approval to consolidate the Company's share capital on a 1 for 35 basis (**Consolidation**). The Consolidation, if passed, will reduce the number of shares on issue from 3,866.1 million to 110.5 million.

Other than the above, there have been no events subsequent to balance date of a nature that would require disclosure.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

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

DIRECTORS' REPORT

Appendix A – Schedule of Tenements as at 31 December 2016

Tenement ID	Status	Interest at 30 June 2016	Interest acquired or disposed	Interest at 31 December 2016
Gold Projects				
E16/495	Application	0%	100%	100%
E30/488	Application	0%	100%	100%
E30/493	Application	0%	100%	100%
E30/494	Application	0%	100%	100%
E39/1117	Granted	100%	0%	100%
E39/1118	Granted	100%	0%	100%
E39/1830	Granted	100%	0%	100%
E39/1979	Granted	100%	0%	100%
E77/2403	Application	0%	100%	100%
E77/2416	Application	0%	100%	100%
Lithium Projects				
E47/3476	Granted	0%	100%	100%
E47/3477	Application	0%	100%	100%
E47/3478	Granted	0%	100%	100%
E09/1618	Granted	0%	0% ¹	0%
E09/2169	Application	0%	100%	100%
E09/2170	Application	0%	100%	100%
E09/2171	Application	0%	100%	100%
E09/2197	Application	0%	100%	100%
E09/2198	Application	0%	100%	100%
Nickel Projects				
E28/1475	Granted	100%	0%	100%
E28/2266	Granted	100%	0%	100%
E28/2267	Granted	100%	0%	100%
E28/2317	Granted	100%	0%	100%
E39/1084	Granted	100%	0%	100%
E39/1709	Granted	100%	0%	100%
E39/1710	Granted	100%	0%	100%
E39/1731	Granted	100%	0%	100%
E45/1866	Granted	100%	(51%)	49%
E45/4279	Granted	100%	(51%)	49%
E45/4671	Application	100%	(51%)	49%
E63/1522	Granted	100%	(30%)	70%
E63/1524	Granted	100%	(30%)	70%
E63/1736	Granted	100%	(30%)	70%
P45/3011	Application	100%	(100%)	0%
P45/3012	Application	100%	(100%)	0%

1. Segue has the option to earn up to a 50% interest subject to the Mortimer Hills JV.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307c of the *Corporation Act 2001*, we have obtained an independence declaration from our auditors, Pitcher Partners Corporate & Audit (WA) Pty Ltd, which is included on page 15.

Signed in accordance with a resolution of the Directors.



Steven Michael

Managing Director

Perth, 13 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

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

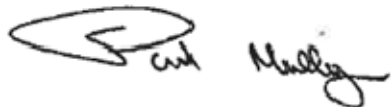
In relation to the independent review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

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

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

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



Paul Mulligan
Executive Director
Perth, 13 March 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016	31 Dec 2015
	\$	\$
Continuing operations		
Finance income	5,586	5,590
Other income	-	1,000
<i>Expenses</i>		
Employee benefits expenses	(236,152)	(233,235)
Share based payments expense	(27,250)	(198,691)
Occupancy expenses	(18,635)	(23,538)
Exploration expenditure	(2,161)	(20,748)
Depreciation expenses	(815)	(8,130)
Impairment expenses	-	11,453
Administration and other expenses	(233,929)	(204,444)
Loss before income tax	(513,356)	(670,743)
Income tax expense	-	-
Loss from continuing operations for the period	(513,356)	(670,743)
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange loss on translation of foreign operations	-	(162)
Total other comprehensive loss	-	(162)
Total comprehensive loss for the period	(513,356)	(670,905)
Loss per share		
	Cents	Cents
- Basic loss	(0.016)	(0.028)
- Diluted loss	(0.016)	(0.028)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31 Dec 2016	30 Jun 2016
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		1,173,838	685,984
Trade and other receivables		52,352	13,559
Prepayments		14,782	5,066
Total current assets		1,240,972	704,609
Non-Current Assets			
Exploration and evaluation costs	3	7,312,119	6,487,391
Property, plant and equipment		1,232	2,047
Total non-current assets		7,313,351	6,489,437
TOTAL ASSETS		8,554,323	7,194,046
LIABILITIES			
Current liabilities			
Trade and other payables		166,129	70,098
Leave provisions		55,606	46,455
Total current liabilities		221,735	116,553
Non-current liabilities			
Leave provisions		25,142	22,846
Total non-current liabilities		25,142	22,846
TOTAL LIABILITIES		246,877	139,399
NET ASSETS		8,307,446	7,054,647
EQUITY			
Contributed Equity	4	29,610,977	27,872,072
Reserves		924,448	897,198
Accumulated losses		(22,227,979)	(21,714,623)
TOTAL EQUITY		8,307,446	7,054,647

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Investment reserve	Option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2015	26,384,654	1,130,872	(476,970)	(150)	-	(20,920,114)	6,118,292
Comprehensive Income:							
Loss for the half year	-	-	-	-	-	(670,743)	(670,743)
Other comprehensive income	-	-	(162)	-	-	-	(162)
Total comprehensive income	-	-	(162)	-	-	(670,743)	(670,905)
Transactions with owners in their capacity as owners:							
Issue of securities	969,874	-	-	-	91,257	-	1,061,131
Share based payments	-	107,434	-	-	-	-	107,434
Transaction with equity holders	969,874	107,434	-	-	91,257	-	1,168,565
At 31 December 2015	27,354,528	1,238,306	(477,132)	(150)	91,257	(21,457,529)	6,615,952
At 1 July 2016	27,872,072	1,282,372	(476,281)	(150)	91,257	(21,714,623)	7,054,647
Comprehensive Income:							
Loss for the half year	-	-	-	-	-	(513,356)	(513,356)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(513,356)	(513,356)
Transactions with owners in their capacity as owners:							
Issue of securities	1,738,905	-	-	-	-	-	1,738,905
Share based payments	-	27,250	-	-	-	-	27,250
Transaction with equity holders	1,738,905	27,250	-	-	-	-	1,766,155
At 31 December 2016	29,610,977	1,309,622	(476,281)	(150)	91,257	(22,227,979)	8,307,446

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016	31 Dec 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(523,716)	(489,211)
Interest received	5,586	5,590
Other income	-	1,000
Other payments	(18,635)	(23,539)
Net cash outflow from operating activities	(536,765)	(506,160)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration costs	(614,286)	(442,220)
Payment for property, plant & equipment	-	-
Net cash outflow from investing activities	(614,286)	(442,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for shares bought back	-	-
Proceeds from issue of shares	1,638,905	969,874
Net cash inflow from financing activities	1,638,905	969,874
Net increase / (decrease) in cash and cash equivalents	487,854	21,494
Balance at the beginning of the period	685,984	502,080
Balance at the end of the period	1,173,838	523,574

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

DIRECTORS' DECLARATION

1. CORPORATE INFORMATION

The financial report of Segue Resources Limited (the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 13 March 2017. Segue Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. The consolidated financial statements of the Company for the half-year ended 31 December 2016 include the Company and its controlled entities, together referred to as the "Consolidated Entity" or "Group".

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Segue Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

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

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

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

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

Standard / Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i> and AASB2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2018

DIRECTORS' DECLARATION

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern

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

The Group has incurred a net loss after tax for the half-year ended 31 December 2016 of \$513,356 (31 December 2015: \$670,743), and a net cash outflow from operating and investing activities of \$1,150,051 (31 December 2015: \$948,380). Net assets of the Group as at 31 December 2016 were \$8,307,446 (30 June 2016: \$7,054,647).

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

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

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

3. EXPLORATION AND EVALUATION COSTS

	31 Dec 2016	30 Jun 2016
	\$	\$
Balance at the beginning of the period	6,487,391	5,774,691
Exploration expenditure incurred	824,728	712,700
Impairment of exploration assets	-	-
Balance at the end of the period	7,312,119	6,487,391

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

DIRECTORS' DECLARATION

4. CONTRIBUTED EQUITY

Issued Capital	31 Dec 2016	30 June 2016	31 Dec 2016	30 Jun 2016
	Nos.	Nos.	\$	\$
(a) Share capital				
Fully Paid Ordinary Shares	3,866,070,242	2,899,070,242	29,610,977	27,872,072

	CONSOLIDATED	
	Nos.	\$
(b) Movements in share capital		
Balance at 1 July 2015	2,250,524,175	26,384,654
Employee Share Purchase Plan 3 August 2015	80,000,000	-
Shares issued 20 August 2015	309,476,018	928,428
Shares issued 24 December 2015	26,570,049	55,000
Costs of issue	-	(13,554)
Balance at 31 December 2015	2,666,570,242	27,354,528

	CONSOLIDATED	
	Nos.	\$
Movements in share capital		
Balance at 1 July 2016	2,899,070,242	27,872,072
Shares issued 15 August 2016	100,000,000	100,000
Shares issued 5 September 2016	112,000,000	500,000
Employee Share Purchase Plan 19 October 2016	130,000,000	-
Shares issued 17 November 2016	500,000,000	1,000,000
Shares issued 22 November 2016	100,000,000	200,000
Employee Share Purchase Plan 22 November 2016	25,000,000	-
Costs of issue	-	(61,095)
Balance at 31 December 2016	3,866,070,242	29,610,977

DIRECTORS' DECLARATION

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

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

(c) Options outstanding at 31 December 2016

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

	Expiry date	Nos.	Exercise price
Balance at 31 December 2016			\$
Options	31/07/2017	238,071,398	0.01
Options	18/02/2018	15,000,000	0.01
Options	03/08/2018	25,000,000	0.0036
		278,071,398	

These options are unlisted.

5. SHARE BASED PAYMENTS

The establishment of an Employee Share Loan Plan pursuant to the terms and conditions set out in the Notice of General Meeting dated 16 September 2016. Under the plan, directors, management and employees are provided with a limited recourse loan to purchase share within the company. This loan must be accounted for under AASB 2 'Share Based Payments'.

Issues under the plan took place on 19 October 2016 and 22 November 2016. These shares have been valued using the Black Scholes Model with the following inputs for the relevant milestones.

	Milestones 1-7	Milestone 8
Number of shares	116,250,000	38,750,000
Underlying share price	\$0.003	\$0.003
Exercise price	\$0.003	\$0.003
Expected volatility	337%	223%
Expiry date (years)	2.995	1.20
Expected dividends	Nil	Nil
Risk free rate	1.67%	1.69%
Value per option	\$0.0028	\$0.0028

DIRECTORS' DECLARATION

The milestones attaching to the Employee Share Loan Plan are as follows:

Milestone #	Milestone condition
1	Define a geochemical anomaly through rock chip or drill testing with the potential to host a resource as defined in Milestones 2 or 3
2	Announce a JORC-compliance resource of 100,000oz of gold at a minimum grade of 1.0g/t Au (or equivalent for other metals)
3	Announce a JORC-compliance resource of 10,000 tonnes of lithium at a minimum grade of 1.0% Li ₂ O
4	Complete a pre-feasibility study on a resource estimate as defined in Milestones 2 or 3
5	Combined capital raising of \$2 million at an average issue price at least 75% of the 15-day VWAP prior to each issue
6	Market capitalisation of \$25 million for 20 consecutive trading days or 50 days in total
7	Total shareholder return exceeding +50% over a 12 month period ending 30 June 2017, 30 June 2018 or 30 June 2019
8	Continue to be an employee or Director of Segue until 31 December 2017

6. SEGMENT INFORMATION

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

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

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

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the half-year periods ended 31 December 2015 and 31 December 2016.

DIRECTORS' DECLARATION

7. COMMITMENTS & CONTINGENCIES

(i) Tenement Expenditure Commitments

	2016	2015
	\$	\$
Up to 1 year	2,400,500	2,188,000
Between 1 and 5 years	-	-
Later than 5 years	-	-
	2,400,500	2,188,000
	2,400,500	2,188,000

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

(ii) Rental Lease Commitments

On 1 September 2016, Segue entered into a one year lease agreement for premise at Unit 16, 40 St Quentins Avenue, Claremont. The annual cost of the lease agreement is \$25,200.

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

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

Fair values of financial instruments not measured at fair value

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

9. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the Period, on 13 March 2017, Segue advised it had mailed to shareholders a Notice of Meeting seeking shareholder approval to consolidate the Company's share capital on a 1 for 35 basis (**Consolidation**). The Consolidation, if passed, will reduce the number of shares on issue from 3,866.1 million to 110.5 million.

Other than above, there have been no events subsequent to balance date of a nature that would require disclosure.

10. RELATED PARTY DISCLOSURES

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

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

1. The financial statements and notes set out on pages 16 – 25 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with AASB 135 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Consolidated Entity at 31 December 2016 and of their performance for the half year ended on that date.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295a of the *Corporations Act 2001*.

On behalf of the Board



Steven Michael

Managing Director

Perth, 13 March 2017

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

We have reviewed the accompanying half-year financial report of Segue Resources Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Segue Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Independence

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

Conclusion

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

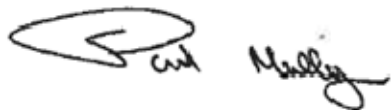
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the Segue Resources Limited incurred a net loss of \$513,356 during the half-year ended 31 December 2016 and, as of that date, Segue Resources Limited net cash outflow from operating and investing activities was \$1,151,051. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Segue Resources Limited's ability to continue as a going concern and therefore, the Segue Resources Limited may be unable to realise its assets and discharge its liabilities in the normal course of business.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



Paul Mulligan
Executive Director
Perth, 13 March 2017