SEGUE
RESOURCES LTD
ABN 49 112 609 846

27 October 2008

Companies Announcement Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

NOTICE OF ANNUAL GENERAL MEETING AND ANNUAL REPORT

Please find attached the company's Notice of Annual General Meeting to be held on Friday, 28 November 2008 at 2.00pm, together with the final print version of the company's 2008 Annual Report.

Yours faithfully

N J Bassett
Company Secretary

Registered Office:
Suite 3, Level 3
1292 Hay Street
West Perth, WA 6005

Postal Address:
PO Box 52
West Perth WA 6872

Telephone: +61 8 9486 4699
Facsimile: +61 8 9486 4799

Segue Resources Limited

ACN 112 609 846

Notice of Annual General Meeting

Explanatory Statement

and

Proxy Form

SEGUE RESOURCES LIMITED
ACN 112 609 846

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Segue Resources Limited (**Segue** or the **Company**) will be held on Friday, 28th November 2008 commencing at 2.00pm at Suite 3, Level 3, 1292 Hay St West Perth 6005, WA.

The enclosed Explanatory Statement accompanies and forms part of this Notice of Annual General Meeting.

AGENDA

ORDINARY BUSINESS

1. Accounts and Reports

To receive and consider the Financial Report of the Company and of the consolidated entity for the year ended 30 June 2008, together with the reports by directors and auditors thereon.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

2. Resolution 1 - Adoption of Remuneration Report

"That the Remuneration Report included in the Annual Report for the financial year ended 30 June 2008 be adopted."

The vote on this resolution is advisory only and does not bind the directors of the Company.

3. Resolution 2 - Re-election of Director (Mr P Fry)

"That Mr Paul Fry having been appointed by the directors until this general meeting in accordance with the Constitution of the Company and, having offered himself for re-election and being eligible, is re-elected a director of the Company."

4. Resolution 3 - Re-election of Director (Mr J Hendrich)

"That Mr Jurgen Hendrich having been appointed by the directors until this general meeting in accordance with the Constitution of the Company and, having offered himself for re-election and being eligible, is re-elected a director of the Company."

SPECIAL BUSINESS

5. Resolution 4 - Issue of Incentive Options to Paul Fry

"Subject to the passing of Resolution 2, that for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of:

1,500,000 Tranche A Incentive Options; and
1,500,000 Tranche B Incentive Options,

by way of remuneration to Mr Paul Fry or nominee on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Resolution 5 - Issue of Incentive Options to Jurgen Hendrich

"Subject to the passing of Resolution 3, that for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of:

1,500,000 Tranche A Incentive Options; and
1,500,000 Tranche B Incentive Options,

by way of remuneration to Mr Jurgen Hendrich or nominee on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 6 - Issue of Incentive Options to Glenn Whiddon

"That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of:

1,500,000 Tranche A Incentive Options; and
1,500,000 Tranche B Incentive Options,

by way of remuneration to Mr Glenn Whiddon or nominee on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Resolution 7 - Issue of Incentive Options to Consultants

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the directors be authorised to grant a total of 700,000 Tranche A and 700,000 Tranche B Incentive Options to Consultants or their nominees on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

The Company will disregard any votes cast on this resolution by or on behalf of consultants that may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Resolution 8 – Ratification of Past Issue of Shares – 11 August 2008

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue and allotment of 220,000 fully paid ordinary shares at 5 cents each as settlement of a liability."

The Company will disregard any votes cast on this resolution by the parties who participated in the issue as listed in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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10. Resolution 9– Approval of Issue of Securities

"That, pursuant to ASX Listing Rule 7.1 and all other purposes, the Company approve and authorise the Company to allot and issue up to 20,000,000 fully paid ordinary shares in the capital of the Company at an issue price which is at least 80% of the average market price for the Company's shares on the ASX over the 5 trading days preceding the date on which the issue is made and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of determining voting entitlements at the annual general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 2.00pm on 26 November 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the annual general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of Annual General Meeting.

Annual Reports Online

The reports referred to in item 1 above are included in the Annual Report of the Company. In accordance with the arrangements for the distribution of Annual Reports, shareholders who did not elect to receive a hard copy of the Annual Report can access the report on the company's website at www.segueresources.com

By Order of the Board

Neville Bassett
Company Secretary
15 October 2008

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Segue Resources Limited in connection with the business to be conducted at the annual general meeting of Shareholders to be held on Friday, 28th November 2008 commencing at 2.00pm at Suite 3, Level 3, 1292 Hay St West Perth 6005, WA.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of Annual General Meeting.

2. 2008 ANNUAL REPORT

In accordance with the requirements of the Company's Constitution and the Corporations Act, the 2008 Annual Report will be tabled at the annual general meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report. There is no requirement for a formal resolution on this item.

Representatives from the Company's auditors, PKF, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

3. ADOPTION OF REMUNERATION REPORT – RESOLUTION 1

The Annual Report for the financial year ended 30 June 2008 contains a Remuneration Report, which forms part of the Directors' Report and sets out the remuneration policy for the Company and its controlled entities, and reports the remuneration arrangements in place for executive directors, senior management and non-executive directors.

The Corporations Act 2001 requires listed companies to put an annual non-binding resolution to shareholders to adopt the Remuneration Report. In line with the legislation, this vote will be advisory only, and does not bind the Directors or the Company. However, the Board will take the outcome of vote into consideration when considering the Company's remuneration policy.

4. RE-ELECTION OF DIRECTORS – RESOLUTIONS 2 and 3

Resolutions 2 and 3 relate to the election of Directors. Mr Paul Fry and Mr Jurgen Hendrich were appointed as Directors by the Board since the last annual general meeting and in accordance with ASX Listing Rule 14.4 and the Company's Constitution retire and, being eligible, offers themselves for re-election. A summary of the qualifications and experience for each director is provided below.

Paul Fry
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 major global professional advisory firms, and has worked closely with emerging resource companies particularly in the commercial and financial areas.

Jurgen Henrich
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.

5. ISSUE OF INCENTIVE OPTIONS TO DIRECTORS - RESOLUTIONS 4, 5 and 6

Chapter 2E of the Corporations Act ("the Act") regulates the provision of financial benefits to related parties by a public company. Section 208 of the Act prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

A “financial benefit” is defined in the Act in broad terms and includes a public company issuing securities.

For the purpose of this meeting, a “related party” includes a director of the Company. Accordingly, the proposed grant of Incentive Options to the specified director involves the provision of a financial benefit to a related party of the Company.

Where no exception is applicable (as is the case in these circumstances), Section 208 of the Act provides that for a public company to give a financial benefit to a related party of that Company, the public company must

(a) obtain the approval of members in the way set out in Sections 217 to 227 of the Act; and

(b) give the benefit within 15 months after the approval is obtained.

The information required by Chapter 2E of the Act to be provided to shareholders is contained within this Explanatory Statement and the Notice of Annual General Meeting.

In accordance with the requirements of Sections 217 to 227 of the Act, the following information is provided to allow shareholders to assess the proposed grant of the Incentive Options to the related parties:

(a) the related parties to whom the financial benefits will be given are Messrs Fry, Hendrich, and Whiddon;

(b) the maximum number of Incentive Options (being the nature of the financial benefit to be provided) to be granted to Messrs Fry, Hendrich, and Whiddon is 9,000,000;

(c) the Incentive Options will be granted for no consideration and otherwise on the terms and conditions set out in Annexures “A” and “B”

(d) as at the date of this Notice the annual remuneration (inclusive of superannuation where applicable) payable to Messrs Fry, Hendrich, and Whiddon is as follows;

Director	**Remuneration**
Paul Fry	$30,000
Jurgen Hendrich	$30,000
Glenn Whiddon	$30,000

In addition, the Directors have consulting contracts with the Company for which they are paid at commercial rates in excess of a certain number of days allocated for board related matters. The Company is unable to make an estimation of the total annual remuneration that Messrs Fry, Hendrich, and Whiddon will receive in the next financial year as the number of days they work per month will vary from month to month. The Company believes it is unable to use the number of days worked since the date of appointment as a reliable estimation of the number of days that may be work in the next financial year.

For the year ended 30 June 2008 remuneration paid to the directors was as follows:

Director	**Remuneration**
Paul Fry	$7,500
Jurgen Hendrich	$8,700
Glenn Whiddon	$26,250

(e) as at the date of this Notice, Messrs Fry, Hendrich, and Whiddon had notifiable interests in the securities of the Company as set our below:

Name	Shares		Options	
	Direct	Indirect	Direct	Indirect
Paul Fry	-	1,000,000	-	-
Jurgen Hendrich	-	-	-	-
Glenn Whiddon	920,764	1,090,193	750,000	431,250

Other than as set out above, Messrs Fry, Hendrich, and Whiddon receive no other emoluments from the Company;

(f) If shareholders approve the grant of the Incentive Options to Messrs Fry, Hendrich, and Whiddon, and all of the Incentive Options are exercised, the effect will be to dilute the shareholding of existing shareholders by approximately 11.32% (based on the number of Shares currently on issue and assuming no other options are exercised). If the other existing options on issue held by third parties were also to be exercised, the dilution effect would be 6.79%.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Incentive Options other than, if the Incentive Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Incentive Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

(g) The market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at the time any of the Incentive Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company. In the 12 months before the date of this Notice, the highest, lowest and last trading price of shares on the ASX are as set out below:

	Shares	
	Date	Price
Low	17 March 2008	4.6 cents
High	26 October 2007	15.0 cents
Latest Available Price	13 October 2008	5.0 cents

(h) the ASIC in reviewing documents lodged under Section 218 of the Act relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the options proposed to be granted. The value of the Incentive Options and pricing methodology is set out in section 5.2 below; and

(i) The independent Directors (with respect to Resolutions that they do not have a material personal interest in) recommend that Shareholders vote in favour of Resolutions 4, 5 and 6 and they are of the view that the issue of Incentive Options to each Director is an appropriate form of remuneration to provide each Director with an incentive to maximise returns to Shareholders. The Directors are not aware of any further information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

5.1 PURPOSE OF ISSUE OF INCENTIVE OPTIONS

The purpose of the issue is to remunerate the specified director, or his nominees as an incentive for future services. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to provide the directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

Issue of options as part of the remuneration packages of directors and key consultants is a well established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding directors and consultants.

In determining the number of securities to be issued and the terms, consideration was given to the relevant experience of Messrs Fry, Hendrich, and Whiddon, the respective overall remuneration terms, the market price of the Company's shares for the 3 months preceding the date of his appointment, and the terms of the options.

The securities will be issued for no cash consideration. The Incentive Options will be issued on the terms and conditions set out in Annexures "A" and "B" to this Explanatory Statement.

The proposed related party participant in the issue of Incentive Options and the number of Incentive Options to be issued are as detailed in section 5.2.

5.2 VALUATION OF OPTIONS

The value of Incentive Options to be issued has been calculated by an independent consultant using the Binomial Option Pricing Model ("the Binomial Model") as of 13 October 2008. The value of an option calculated by the Binomial Model is a function of a number of variables. The indicative value of the Incentive Options has been calculated using the following variables:

	Tranche A	**Tranche B**
Valuation Date	13 October 2008	13 October 2008
Expiry Date	30 November 2011	30 November 2011
Underlying Share Price	$0.05	$0.05
Exercise Price	$0.08	$0.08
Vesting Date	30 November 2008	30 November 2009
Expected Life	3 years	3 years
Risk Free Rate	4.70%	4.78%
Volatility	99.06%	95.35%

The underlying share price of 5 cents is based on the closing price of the shares on 13 October 2008.

Based on the above variables the indicative value of the Incentive options proposed to be issued to the related party is as detailed below in 5.2.1.

5.2.1 On the basis of the indicative option value, as detailed herein, the value of options proposed to be issued to the related party, is as follows:

Director	**Option Type**	**Number of Options**	**Indicative Value $**
Paul Fry	Tranche A Incentive	1,500,000	35,591
	Tranche B Incentive	1,500,000	36,292
Jurgen Hendrich	Tranche A Incentive	1,500,000	35,591
	Tranche B Incentive	1,500,000	36,292
Glenn Whiddon	Tranche A Incentive	1,500,000	35,591
	Tranche B Incentive	1,500,000	36,292

The options are unlisted and non transferable. The options must be exercised by their respective expiry dates, after which date such options automatically lapse.

5.2.2 The Company announced the proposal to issue the Incentive Options to Messrs Fry, Hendrich, and Whiddon on 12 May 2008.

5.3 POTENTIAL BENEFITS

If the options are issued pursuant to the proposed resolutions, the Company considers the following benefits arise:

- Messrs Fry, Hendrich, and Whiddon will have a vested interest in the affairs of the Company. As options are a performance based incentive, they will have that incentive to ensure the market price of the shares of the Company increases to create value in the options and this will benefit all shareholders.

- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.

- The exercise of the options will provide working capital for the company at no significant cost. If all the options proposed to be issued pursuant to resolutions 4 to 6 are ultimately exercised, an amount of $720,000 would be raised.

5.4 ASX LISTING RULE 10.11

ASX Requirements

ASX Listing Rule 10.11 relevantly provides that the prior approval of shareholders of Segue is required for the issue of equity securities to a related party. If approval is given for the issue of securities under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. ASX Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of general meeting. The company is seeking shareholder approval to the proposed allotment to the related party pursuant to resolutions 4, 5 and 6.

In compliance with the information requirements of ASX Listing Rule 10.13 members are advised of the following particulars in relation to the proposed issue of options under resolutions 4, 5 and 6:

(a) Maximum number of options to be issued:
4,500,000 Tranche A Incentive Options
4,500,000 Tranche B Incentive Options

(b) Date by which the Company will issue options:
No later than one month after the date of the meeting.

(c) Price at which options to be issued:
The options are being issued to remunerate the specified director as an incentive for future services.

(d) Names of the allottees:
Paul Fry or his nominee
Jurgen Hendrich or his nominee
Glenn Whiddon or his nominee

(e) Terms of issue:
The Options will be issued on the terms and conditions as outlined in Annexure “A” and Annexure “B”.

(f) Intended use of funds raised:
The options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for future services.

(g) Dates of allotment:
Allotment will occur on one date.

6. PROPOSED GRANT OF OPTIONS TO KEY CONSULTANTS - RESOLUTION 7

Resolution 7 of the Notice of General Meeting proposes the grant of up to 700,000 Tranche A and 700,000 Tranche B Incentive Options to selected consultants, employees or their nominees.

Segue has three consultants in its Perth office. Mike Cowin acts as the Company's exploration manager in Perth; Rosemary Wilson acts as the public officer of the company and Neville Basset acts as the company secretary.

Segue considers these consultants to be key contributors in progressing the Company's business activities.

The Incentive Options will be issued for no consideration. No directors or their associates will participate in the allotment of Incentive Options approved under Resolution 7.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of options:

(a) Maximum number of options to be issued:

700,000 Tranche A Incentive Options
700,000 Tranche B Incentive Options

(b) Date by which the Company will issue options:

No later than three months after the date of the meeting.

(c) Price at which options to be issued:

The options are being issued free as an incentive for work to be performed for the Company.

(d) Names of the allottees:

Selected consultants of the company or their nominee.

(e) Terms of issue:

The Options will be issued on the terms and conditions as outlined in Annexure "A" and Annexure "B".

(f) Intended use of funds raised:

The options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for work done for the Company.

(g) Dates of allotment:

Allotment will occur progressively.

7. RATIFICATION OF SHARE ISSUE - RESOLUTION 8

Resolution 8 has been included so that shareholders may approve and ratify pursuant to Listing Rule 7.4 the issue on 11 August 2008 of 220,000 Shares as settlement of a liability.

Listing Rule 7.1 provides a formula which limits the number of equity securities the Company may issue to 15% of each class of securities issued within a 12 month period without shareholder approval. While the Shares issued above are within this 15% limit, the purpose of the Resolution is to ratify the above issue within the 15% limit to provide the Company with the flexibility to issue further securities in accordance with the Listing Rules should the need arise. Listing Rule 7.4 provides that an issue of securities made without the approval under Listing Rule 7.1 is treated as having been made with shareholder approval for the purpose of Listing Rule 7.1 if the shareholders subsequently approve it.

This enables the company to issue further equity securities without exceeding the 15% in 12 months limitation.

The terms of the Shares issued are the same as the existing ordinary Shares on issue and, accordingly, rank equally in all respects with the existing ordinary Shares on issue.

Resolution 8 of the Notice of Annual General Meeting proposes the ratification for the issue and allotment of 220,000 Shares, thereby satisfying the requirements of ASX Listing Rule 7.4.

The allotment and issue of Shares was completed on 11 August 2008.

In compliance with the information requirements of ASX Listing Rule 7.5 members are advised of the following particulars in relation to the placement:

(a) Number of securities allotted:
220,000 Shares.

(b) Price at which the securities were issued:
5 cents per Share.

(c) Terms of the securities:
The Shares rank equally in all respects with the existing Shares on issue.

(d) Basis on which allottees were determined:

The shares were issued to RM Capital Pty Ltd, pursuant to section 708 of the Corporations Act.

No related party participated in the allotment of Shares.

8. APPROVAL OF ISSUE OF SECURITIES - RESOLUTION 9

Listing Rule 7.1 of the Listing Rules of ASX requires shareholder approval to the proposed capital raising by the issue of Shares in the capital of the Company.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 3 to allow Shareholders to assess the proposed issue of Shares of the Company:

(a) The maximum number of Shares to be allotted and issued is up to a maximum of 20,000,000;

(b) The Shares will be issued no later than three (3) months after the date of this Meeting or such later date as approved by ASX. The Shares will be allotted progressively;

(c) The issue price of the Shares proposed to be allotted and issued will be a price which is 80% of the weighted average market price of the Company’s Shares on ASX over 5 trading days preceding the day on which the issue is made;

(d) The allottees will be subscribers to either a prospectus to be issued by the Company or pursuant to an excluded offer under Section 708 of the Corporations Act;

(e) The Shares to be issued will rank pari passu on allotment and issue with the existing ordinary shares of the Company; and

(f) The Company intends to use the funds raised by the issue for the purpose of providing for capital for the drilling program of the exploration of the Pardoo Nickel Project, and to fund further exploration projects and other working capital.

9. DEFINITIONS

ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited.
ASX Listing Rules	means the official listing rules of ASX.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company.
Incentive Option	means a Tranche A Incentive Option or Tranche B Incentive Option, individually or in combination, as the circumstance requires.
Segue or the Company	means Segue Resources Limited (ACN 112 609 846)
Tranche A Incentive Option	means an option to acquire a Share at an exercise price of $0.08 per share expiring 30 November 2011 and otherwise on the terms and conditions as outlined in Annexure "A".
Tranche B Incentive Option	means an option to acquire a Share at an exercise price of $0.08 per share expiring 30 November 2011 and otherwise on the terms and conditions as outlined in Annexure "B".
Share	means a fully paid ordinary share in the capital of the Company and **Shares** has a corresponding meaning.
Shareholder	means a holder of Shares in the Company.

ANNEXURE "A"

Terms and Conditions of Tranche A Incentive Options

The terms and conditions of the Tranche A Incentive Options are as follows:

(a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.

(b) The options are exercisable at 8 cents each.

(c) The options will expire on 30 November 2011 (the "**Expiry Date**").

(d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the director of the company accompanied by payment of the exercise price.

(e) The options are non transferable.

(f) Should the option holder cease to be a director or employee of the Company for whatever reason during the vesting period then the Options will automatically be extinguished and the option holder will have no further rights in relation to the Options.

(g) An option that has not lapsed may be exercised at any time.

(h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.

(i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

(j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.

(k) There is no right to a change in the exercise price of the options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.

(l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

ANNEXURE "B"

Terms and Conditions of Tranche B Incentive Options

The terms and conditions of the Tranche B Incentive Options are as follows:

(a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.

(b) The options are exercisable at 8 cents each.

(c) The options will expire on 30 November 2011 (the "**Expiry Date**").

(d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the director of the company accompanied by payment of the exercise price.

(e) The options are non transferable.

(f) Should the option holder cease to be a director or employee of the Company for whatever reason during the vesting period then the Options will automatically be extinguished and the option holder will have no further rights in relation to the Options.

(g) An option that has not lapsed may be exercised at any time after 30 November 2009. If the Company is the subject of change of control (being a trade sale, a takeover or merger) then the Options will automatically vest, and the option holder will then have 14 days in which to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.

(h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.

(i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

(j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.

(k) There is no right to a change in the exercise price of the options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.

(l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

Proxy Form

The Secretary
Segue Resources Limited
Suite 3, Level 3
1292 Hay Street
West Perth WA 6005

I/We (full name)

____

of____

being a member(s) of Segue Resources Limited, hereby appoint as my/our proxy

____

of____

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 2.00pm on Friday, 28th November 2008 and at an adjournment thereof in respect of __________% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

The Chairman intends to vote all undirected proxies in favour of all resolutions.

RESOLUTIONS

		FOR	AGAINST	ABSTAIN
1	Adoption of Remuneration Report	☐	☐	☐
2	Re-election of Mr P Fry	☐	☐	☐
3	Re-election of Mr J Hendrich	☐	☐	☐
4	Issue of Incentive Options to Paul Fry	☐	☐	☐
5	Issue of Incentive Options to Jurgen Hendrich	☐	☐	☐
6	Issue of Incentive Options to Glenn Whiddon	☐	☐	☐
7	Issue of Incentive Options to Consultants	☐	☐	☐
8	Ratification of Past Issue of Shares – 11 August 2008	☐	☐	☐
9	Approval of issue of Securities	☐	☐	☐

If the member is an individual or joint holder:

______________________________ ______________________________
Usual Signature Usual Signature

Dated this day of 2008

If the member is a Company:

Signed in accordance with the
Constitution of the company
the presence of:

______________________ ______________________ ______________________
Director/Sole Director Director/Secretary Sole Director and Sole Secretary

Dated this day of 2008

INSTRUCTIONS AS TO VOTING – RESOLUTION 6

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect to the resolution, please place a mark in the box. ☐

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by the Chair of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.

2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.

3. A proxy need not be a member of the Company.

4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (Suite 3, Level 3, 1292 Hay St West Perth 6005, WA) or sent by facsimile to that office on Fax: *08 9486 4799* to be received not less than 48 hours prior to the time of the meeting.

5. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.

SEGUE
RESOURCES LTD

Annual Report 2008

ABN 49 112 609 846

Corporate Directory

Directors

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

Company Secretary

Neville Bassett

Registered Office

Suite 3, Level 3
1292 Hay Street
West Perth WA 6005

Telephone: (08) 9486 4699
Facsimile: (08) 9486 4799
Email: admin@segueresources.com

Auditors

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

Bankers

National Australia Bank
226 Main Street
Osborne Park WA 6017

Share Registry

Advanced Share Registry Service
110 Stirling Highway
Nedlands WA 6000

Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

Stock Exchange Listing

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

Home Exchange: Perth, Western Australia

ASX Code: **SEG**
SEGO

Contents

Chairman's Letter

Dear Shareholder,

On behalf of your Directors, I am pleased to present you with the Company's 2008 Annual Report and Financial Statements.

During the past 12 months the Company signed a farm-in and joint venture agreement with Mithril Resources ("Mithril") for the Pardoo Nickel Project. Mithril has the right to earn a 51% interest in the Pardoo Nickel Project 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. We are very pleased with our association with Mithril as they have a very strong technical team with extensive experience in the nickel sector. Mithril is concentrating 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 in addition to exploring various metallurgical process routes to increase recoveries.

Segue's investment in the Uranium industry has been disappointing. The Company entered into an agreement with McCleary Investments Pty Ltd (McCleary Investments) in respect of the Pamela and Angela Uranium Deposit (50%), however the Supreme Court of Northern Territory ruled against McCleary Investments in respect of application for Block 01292 and granted the right to have application for Block 01103 received and processed according to the law. To date no applications have been granted to McCleary Investments and the grant of any applications is uncertain.

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% interests in the concession via the expenditure of $5,500,000.

Corporately, the board was enhanced by the appointment of two experienced individuals, Mr Paul Fry and Mr Jurgen Hendrich, in April 2008. The new board is now actively pursuing new projects and despite the current economic slow down we see significant opportunities to acquire project at fair value rather than the high valuations of the past

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

In late 2006, the Company completed the purchase of the Pardoo Nickel Project through the acquisition of Westralian Nickel Limited, now Segue (Pardoo) Limited.

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 174km^2. 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 believed it to have significant upside not only for nickel and copper, but also other base metals, zinc, iron ore and platinum group elements. On completion of the acquisition, Segue immediately conducted a helicopter-based (VTEM) electromagnetic survey locating further conductor targets for drill testing.

Between January and May 2007, 27 RC percussion and two core holes for a combined total of 3,646 metres were completed at the Highway resource and nearby targets. In June 2007, assay results from this drilling confirmed significant width and grade continuity of nickel sulphide mineralisation at the Highway resource as reported in 2007, supporting the historical drilling results of CRA in the 1980's.

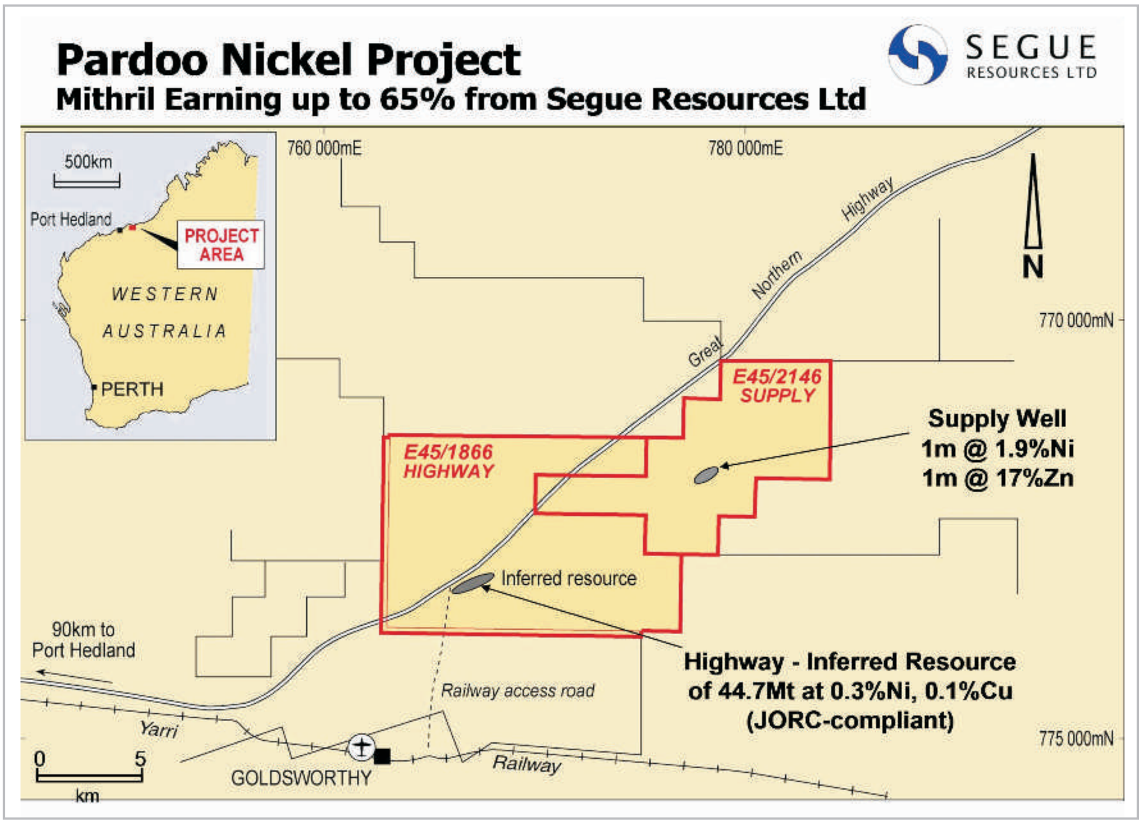

Figure 1: Pardoo Location Map

Figure 2: HW drill plan

In the reporting year preliminary metallurgical test work of diamond core samples by AMMTEC Ltd indicated for the first time that potential recoveries of up to 90% for nickel were achievable producing low grade, but saleable nickel/copper concentrate free of contaminants and penalty metals.

Segue commissioned Snowden Mining Industry Consultants to conduct a review of the new drill hole data and determine an updated JORC-code compliant resource. A new Inferred Mineral Resource was reported in October 2007 of 44.7 million tonnes, grading 0.3% nickel and 0.1% copper (using a 0.1% nickel cutoff) in respect of the Highway resource, containing 134,000 tonnes of nickel and 44,700 tonnes of copper. This represented a 21% increase in nickel tonnes from similar previous historical estimates.

In December 2007, Segue entered into a farm-in and joint venture agreement with Mithril Resources Ltd ("Mithril"). Mithril has the right to earn a 51% interest in the Pardoo Nickel Project by expending $5,500,000 over 4 years. Furthermore, Mithril may increase its ownership to 65% by expending a further $10,000,000 or by completing a bankable feasibility study, whichever occurs first. Pursuant to this agreement, Mithril became the manager of the Project.

Mithril promptly began work at Pardoo early in 2008, conducting further ground electromagnetic surveys to create additional drilling targets. Through re-assaying Mithril has recognised the potential of cobalt as a by product to add significant value to the resource.

The Highway mineralisation is suitable to conventional floatation however in 2008, Mithril commenced new test work to determine the amenability of the ore to bio-oxidation heap leaching, a process similar to that being implemented by Talvivaara Mining PLC on similar grade material at their namesake mine in Finland. Although the trials are yet to be finalized, preliminary results are positive suggesting good recoveries of nickel and cobalt.

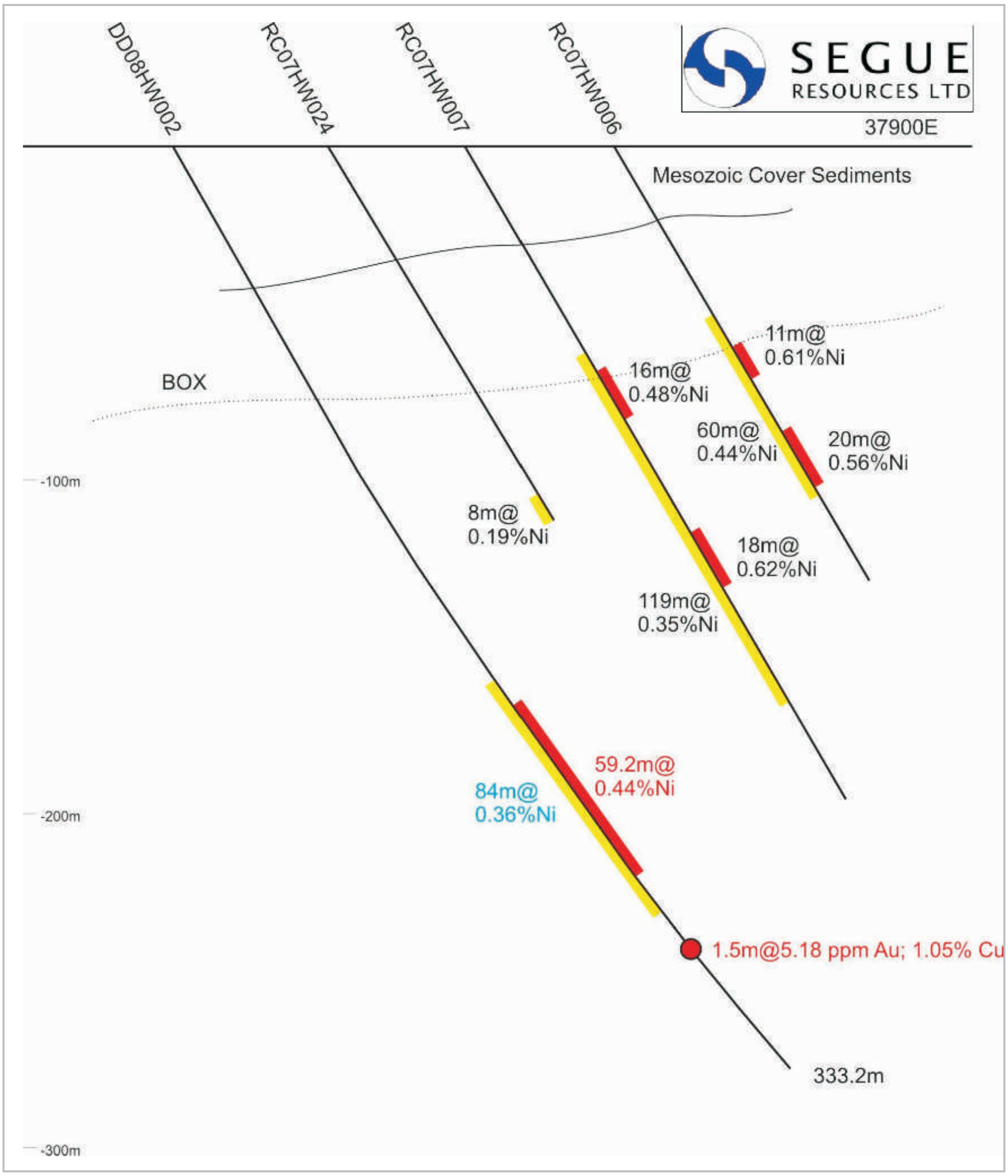

Figure 3: Highway cross section 37900

In June 2008 Mithril began drilling at Pardoo, initially with four diamond drill holes to test the continuity and depth potential of the Highway resource and other nearby geophysical targets. This drilling at the Highway resource has demonstrated broad intervals of historically typical mineralised mafic rocks at depth, with assay results reported in Q3 2008.

Moving forward Mithril plans to recalculate a resource figure incorporating the cobalt assays, recent drill results, higher density and new geological model in the next six months.

Angela & Pamela Uranium Project, Northern Territory

In February 2007, Segue entered into an agreement with McCleary Investments Pty Ltd to purchase the rights to a 50% interest in the mineral lease applications and mineral claim applications (that were subject to litigation) in respect of areas RO1292 and RO1103 ("Angela and Pamela") in the Northern Territory.

The Angela and Pamela uranium prospects are located approximately 25km south of Alice Springs in the Northern Territory. The area was explored over a 10 year period by Uranerz Australia Pty Ltd in the 1970's and was proven to contain significant sedimentary-hosted uranium resources at Angela. Between 1973 and 1990 over 1,000 percussion/diamond drill holes were drilled for over 23,569m in addition to over 2,000 air-core and vacuum holes.

In February 2007, Justice Riley of the Supreme Court of the Northern Territory ruled that McCleary Investments Pty Ltd was successful in having its right to have the mineral lease application received and processed under the law relating to the land formerly contained in Reservation RO1103 and which is believed to be the northern extension of the Pamela uranium prospect.

However, McCleary Investments Pty Ltd was not successful in its mineral claim and mineral lease applications relating to the land formerly contained in Reservation RO1292 containing the Angela and Pamela uranium prospects. In early April 2007, McCleary Investments Pty Ltd lodged its notice of appeal against this decision.

In September 2007, Segue was advised by McCleary Investments Pty Ltd, that, based on advice from its solicitors, it had decided not to continue it's appeal against the Supreme Court of the Northern Territory's decision in regards to the mineral claim and mineral lease application for Block RO1292 (Angela).

McCleary Investments Pty Ltd are currently pursuing its right to have the mineral lease application relating to the land formerly contained in Reservation RO1103, received and processed by the Northern Territory Dept of Primary Industry Fisheries and Mines.

The Company's other tenement applications are EL(A)25639, EL(A)25442 and EL(A)25446 that are prospective for nickel and gold in the Musgrave and Tanami area of the Northern Territory. These tenements are still in the process of being granted by the Northern Territory Dept of Primary Industry Fisheries and Mines.

Coronet Hill Project, Northern Territory, Australia

The Coronet Hill project (EL 10004) encompasses the old Coronet Hill copper and silver mining field approximately 60km east of Pine Creek in the Northern Territory, Australia. Mineralisation is widespread along the major Coronet Hill fault with minor production from several veins over a strike length in excess of 4km.

Following the induced polarisation (IP), ground geophysical survey over a 4km zone of the Coronet Fault in the southern part of the tenement in 2006/7, four drilling targets have been chosen for immediate follow up. These targets will investigate the presence of disseminated poly-metallic sulphides as indicated by zones of high chargeability. Unfortunately a suitable drilling rig could not be sourced in the 2007/08 field season to undertake this work. Drilling these targets remains a priority for the company.

Massive and disseminated poly-metallic sulphides are present in the dumps of the historical workings. Assays of these mineralised dumps are high in silver, copper and arsenic. In 2008, preliminary metallurgical test work has commenced to understand the nature of arsenic in the known mineralisation to gain an early understanding of any potential impacts on future treatment or development. The results of this work are pending.

Wauchope, Northern Territory, Australia

In April 2006, Segue entered into an agreement with Imperial Granite & Minerals Pty Ltd ("IGM") to conditionally purchase 100% of EL 24850 which is located near Wauchope in the Northern Territory of Australia. This tenement is contained wholly within aboriginal freehold land. As a result, delays in granting this tenement were expected however significant progress has been made.

In May 2008, the company received an invitation from the Central Land Council to meet with the traditional owners to present a framework of exploration and discuss future access to the tenement. This meeting was held early in July 2008 and at the time of writing, the application for EL 24850 is still currently being processed by the NT Department of Primary Industry, Fisheries and Mines.

Directors' Report

The Directors present their report on Segue Resources Limited for the year ended 30 June 2008 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

Non-Executive Director of Statesman Resources Limited; Non-Executive Director of Stream Oil & Gas Limited and Non-Executive Director of UMC Energy plc .

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).

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 major global professional advisory firms, and has worked closely with emerging resource companies particularly in the commercial and financial areas.

Director since 2 April 2008.

Other current directorships

Non-Executive 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.

Director since 2 April 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, CA - 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.

Robert Cross, B.E. MBA – (formerly Non-Executive Chairman)

Mr Cross has more than 15 years experience in the international natural resource equity markets. He has an Engineering Degree from the University of Waterloo (1982) and received his MBA from Harvard Business School in 1987.

Mr Cross is currently Chairman of Northern Orion Resources Inc, which owns 12.5% of the Alumbrera mine in Argentina, which is one of the world's largest copper/gold mining operations, and Founder and Chairman of Bankers Petroleum Ltd. In 2002, he was Chairman of EAGC Ventures, which purchased a 120,000 ounce per year South African gold mining operation. The company was subsequently sold to Bema Gold Corporation of which he is now a director. He is a former Chairman and CEO of Yorkton Securities Inc (1996-1998) and from 1987-1994 he was a Partner – Investment Banking of Gordon Capital Corporation in Toronto.

Director since 12 January 2005.
Resigned 18 March 2008

Robert Downey, B.Ed LL.B(Hons)
– (formerly Non-Executive Director)

Mr Downey has practiced law since 1998, and has been admitted to practice as a barrister and solicitor of the Supreme Court of Western Australia and the High Court of Australia. His focus has been with resource companies in the area of corporate law, initial public offerings, other equity raisings, mergers and acquisitions, with extensive experience with listed companies on the ASX, TSX and AIM markets.

Director since 12 January 2005.
Resigned 2 April 2008

John Arbuckle, B.Bus CPA
– (formerly Executive Director)

Mr Arbuckle is a CPA with extensive experience in the mining industry in Australia and overseas. His recent positions have included Chief Financial Officer and Company Secretary of Mount Gibson Iron Limited and Chief Financial Officer of Perilya Limited, where he guided both companies through difficult start up phases. Prior to this he held senior financial management roles with Rio Tinto Limited, North Limited and Anaconda Nickel Limited. He has considerable experience in developing financial and risk management strategies for mining companies and the implementation of accounting controls and systems.

Director since 28 June 2006.
Resigned 2 April 2008

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 (outlined in pages 2 to 5) for the financial year and up to the date of this report is included in this Annual Report and should be read as part of the Directors' Report

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 issue of 220,000 ordinary fully paid shares as a settlement of a liability of $11,000 relating to the acquisition of Westralian Nickel in 2006

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

Information on the likely developments in the operation of the Company and the expected results of those operations have not been included in this Report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

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.

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 $25,000 per annum including statutory superannuation for services performed up to 31 March 2008. As of 1 April 2008 the Non-executive directors, including the Chairman, receive a fixed fee for their services of $30,000 per annum including statutory superannuation

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. $25,000 per annum up to 31 March 2008 then $30,000 per annum from 1 April 2008 onwards. 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.

Service Agreements

Service agreements existed with Messrs Downey and Arbuckle for the provision of the services as directors and for extra duties outside the scope of their roles as directors.

Consultancy Agreement – Mr Robert Downey

By an agreement dated 22 June 2005 between Segue and Quantum Vis Pty Ltd ("Quantum Vis"), Segue engaged Quantum Vis to provide the services of Mr Robert Downey to act as a non-executive director. Unless terminated earlier, the engagement is for a term of 2 years commencing on 22 June 2005. Segue will pay Quantum Vis a fee of $25,000 per annum. In addition to the consultancy fees, Segue will reimburse Quantum Vis for its reasonable out of pocket expenses.

Consultancy Agreement – Mr John Arbuckle

By an agreement dated 28 July 2005 between Segue and Maybach Consulting Pty Ltd ("Maybach"), Segue engaged Maybach to provide company secretarial services. Maybach is to be paid $200 per hour for the provision of these services. This agreement was amended on 3 April 2006 to include the provision of director services by John Arbuckle for a fee of $25,000 per annum.

SEGUE RESOURCES LTD

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:

2008

Directors	Directors' meetings held	Directors' meetings attended
Robert Cross	5	5
Glenn Whiddon	6	6
Robert Downey	5	5
John Arbuckle	5	5
Paul Fry	1	1
Jurgen Hendrich	1	1

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.

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

(a) Mr Whiddon' services as a director were provided by Lagral Capital SCP for which the consolidated entity was charged $26,250.

(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.

(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.

(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.

2007	Short-term Benefits			Post-employment benefits	Share-based Payment	
Name *Directors*	**Salary and Fees $**	**Cash Bonus $**	**Non-Monetary Benefit $**	**Super-annuation $**	**Options $**	**Total $**
R Cross	25,000	-	-	-	-	25,000
G Whiddon (a)	76,000	-	-	-	-	76,000
R Downey (b)	55,600	-	-	-	-	55,600
J Arbuckle (c)	118,400	-		-	-	118,400
Totals	275,000	-	-	-	-	275,000

(a) Mr Whiddon' services as a director were provided by Lagral Capital SCP for which the consolidated entity was charged $25,000. Lagral Capital SCP was also paid consulting fees of $51,000 for services provided outside of his duties as a director.

(b) Mr Downey's services as a director were provided by Quantum Vis Pty Ltd for which the consolidated entity was charged $25,000. Quantum Vis Pty Ltd was also paid consulting fees of $30,600 for services rendered by Mr Downey outside of his duties as a director.

(c) Mr Arbuckle's services as a director were provided by Maybach Consulting Pty Ltd for which the consolidated entity was charged $25,000. Maybach Consulting Pty Ltd was also paid $93,400 for company secretarial services provided by Mr Arbuckle.

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:

Name	Ordinary Shares Direct	Ordinary Shares Indirect	Options Direct	Options Indirect
G Whiddon	920,764	1,379,226	750,000	431,250
P Fry	-	1,000,000	-	-
J Hendrich	-	-	-	-

Options over Unissued Capital

During or since the end of the financial year the consolidated entity has not granted any options to the directors.

As at the date of this report the following options were on issue:

Number	Exercise Price	Expiry Date
16,968,750	$0.08	30 June 2010
5,400,000	$0.17	30 June 2010
3,264,000	$0.33	30 June 2010
3,300,000	$0.20	30 June 2010
18,000,000	$0.67	31 August 2009
6,000,000	$0.13	30 June 2010

During or since the end of the financial year no options were exercised.

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 14.

The Board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

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 12.

Signed in accordance with a resolution of the Directors

Glenn Whiddon
Director

Perth, 30 September 2008

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead engagement partner for the audit of Segue Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

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

(ii) 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 entities it controlled during the year.

PKF

PKF
Chartered Accountants

Neil Smith
Partner

Dated at Perth, Western Australia this 30th day of September 2008.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

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 Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Encourage enhanced performance

Principle 9. Remunerate fairly and responsibly

Principle 10. Recognise the legitimate interests of stakeholders

Segue Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2008 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.

During the financial year the Company has complied with each of the 10 Essential Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.2 & 2.3	Chairman is not independent	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	2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. 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 web.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
4	4.2, 4.3 & 4.4	The Company does not have an Audit Committee	The role of the Audit Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. In addition to management's accountability, the Board assures integrity of the financial statements by: (a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards; and (b) monitoring compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office; (c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business; (d) reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and (e) When required, nominating the external auditor and at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.
6	6.1	Formalisation of a communications strategy with shareholders	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the company. This disclosure is through regular shareholder communications including the Annual Report, Half-Year Report, Quarterly Reports and the distribution of specific releases covering major transactions or events. The Company's auditor attends the annual general meeting.
7	7.1	The Board or appropriate board committee should establish policies of risk oversight and management	While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
9	9.2	The Company does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. 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 own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the remuneration report in the Directors Report.
9	9.3	Guidelines for non-executive director remuneration	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 9.3 Box 9.3 guideline 'Non-executive directors should not receive options or bonus payments'. The Company has granted options to non-executive directors and, potentially, will do so in the future. 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 optionholder, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. 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 judgment.

In the context of director independence, 'materiality' is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the company's loyalty.

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

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Glenn Whiddon	Since 21 January 2005
Paul Fry	Since 2 April 2008
Jurgen Hendrich	Since 2 April 2008

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

Ethical Standards

All Directors and employees are expected to act with the utmost of integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Conflict of Interest

In accordance with the *Corporations Act 2001* and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Policy concerning trading in Company securities

The Company's “Dealings in Company Shares and Options Policy” 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 prior to the announcement to the ASX of the Company's full year and half year results, and quarterly reports and for a period of two days after their release;
- 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.

Performance Evaluation of the Board and its Members

During the financial year an evaluation of the Board and its members was not formally carried out. To date, there has been no formal process in place for performance evaluation. During the reporting period an evaluation of the Board was informally carried out by the Chairman.

Company's Remuneration Policies

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. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. 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.

Full details of the objective and structure of directors remuneration is provided in the Remuneration Report in the Directors Report.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no retirement benefits for non-executive directors.

Risk Management

Overview of the Risk Management System

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing operational, financial reporting, and compliance risks for the Company. The Company is not of a size nor its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls. Instead, a director, in accordance with company policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other directors at the directors' meetings. The company secretary has declared to the board, that the aforementioned system is working efficiently and effectively.

The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the entire part of the financial year that the Company operated and the period up to the signing of the annual financial report for all material operations in the Company.

Risk Profile

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide 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.

Income Statement

For the year ended 30 June 2008

Continuing Operations	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Other income	2	150,690	1,228,919	147,190	1,221,285
Other expenses	2	(674,318)	(3,461,599)	(986,489)	(5,101,112)
Loss before income tax		(523,628)	(2,232,680)	(839,299)	(3,879,827)
Income tax expense	3	-	-	-	-
Loss attributable to members of Segue Resources Limited		(523,628)	(2,232,680)	(839,299)	(3,879,827)
		Cents per share	Cents per share		
Earnings per share					
- basic loss per share	13	(0.82)	(4.98)		
- diluted loss per share	13	(0.82)	(4.98)		

Balance Sheet

As at 30 June 2008

ASSETS Current Assets	Notes	Consolidated 2008 $	 2007 $	Company 2008 $	 2007 $
Cash and cash equivalents	4	385,489	583,384	288,661	564,498
Trade and other receivables	5	32,966	122,686	35,636	46,678
Financial assets	6	-	184,375	-	184,375
Total Current Assets		**418,455**	**890,445**	**324,297**	**795,550**
Non-Current Assets					
Trade and other receivables	5	-	-	-	-
Financial assets	6	-	-	4,161,000	3,900,000
Exploration and evaluation	7	6,349,533	5,802,368	321,657	281,974
Property, plant and equipment	8	20,644	27,802	18,835	22,283
Deferred tax asset	3	1,901,560	575,277	96,497	84,592
Total Non-Current Assets		**8,271,737**	**6,405,447**	**4,597,989**	**4,288,849**
TOTAL ASSETS		**8,690,192**	**7,295,892**	**4,922,286**	**5,084,399**
LIABILITIES					
Current Liabilities					
Trade and other payables	9	414,665	323,020	414,640	249,359
Total Current Liabilities		**414,665**	**323,020**	**414,640**	**249,359**
Non-Current Liabilities					
Deferred tax liabilities	3	1,901,560	575,277	96,497	84,592
Total Non-Current Liabilities		**1,901,560**	**575,277**	**96,497**	**84,592**
TOTAL LIABILITIES		**2,316,225**	**898,297**	**511,137**	**333,951**
NET ASSETS		**6,373,967**	**6,397,595**	**4,411,149**	**4,750,448**
EQUITY					
Issued capital	10	9,297,285	8,797,285	9,297,285	8,797,285
Reserves	11	269,680	269,680	269,680	269,680
Accumulated losses	12	(3,192,998)	(2,669,370)	(5,155,816)	(4,316,517)
TOTAL EQUITY		**6,373,967**	**6,397,595**	**4,411,149**	**4,750,448**

Statement of Changes in Equity

For the year ended 30 June 2008

	Attributable to equity holders of the entity			Total equity
Consolidated Entity	**Issued Capital $**	**Reserves $**	**Accumulated Losses $**	**$**
Balance at 1 July 2006	2,671,285	190,080	(436,690)	2,424,675
Issue of shares	5,706,000	-	-	5,706,000
Conversion of options	20,000	-	-	20,000
Conversion of convertible notes	400,000	-	-	400,000
Issue of options to management	-	79,600	-	79,600
Loss for the year	-	-	(2,232,680)	(2,232,680)
Balance at 30 June 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**
Company				
Balance at 1 July 2006	2,671,285	190,080	(436,690)	2,424,675
Issue of shares	5,706,000	-	-	5,706,000
Conversion of options	20,000	-	-	20,000
Conversion of convertible notes	400,000	-	-	400,000
Issue of options to management	-	79,600	-	79,600
Loss for the year	-	-	(3,879,827)	(3,879,827)
Balance at 30 June 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**

Cash Flow Statement

SEGUE RESOURCES LTD

For the year ended 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Cash flows from operating activities					
Receipts from customers		19,322	7,092	11,377	-
Payments to suppliers and employees		(506,651)	(845,683)	(505,247)	(813,755)
Interest income		12,171	56,832	12,171	56,290
Other payments (GST)		63,966	-	(3,574)	-
Net cash flows from/(used in) operating activities	23	**(411,192)**	**(781,759)**	**(485,273)**	**(757,465)**
Cash flows from investing activities					
Payment for equity investments		-	(702,130)	-	(702,130)
Proceeds from sale of equity investments		160,019	1,005,620	160,019	1,005,620
Purchase of property, plant and equipment		(3,733)	(10,448)	(3,733)	(6,223)
Proceeds from North River Resources plc		-	250,800	-	250,800
Payment for exploration expenditure		(342,988)	(1,794,612)	(29,614)	(170,493)
Net cash flows from/(used in) investing activities		**(186,702)**	**(1,250,770)**	**126,672**	**377,574**
Cash flows from financing activities					
Proceeds from convertible notes		-	500,000	-	500,000
Proceeds from issue of shares		400,000	20,000	400,000	20,000
Payment of funds to controlled entity		-	-	(317,236)	(1,671,524)
Payments for capital raising		-	-	-	-
Net cash flows from/(used in) financing activities		**400,000**	**520,000**	**82,764**	**(1,151,524)**
Net increase in cash and cash equivalents		(197,895)	(1,512,529)	(275,837)	(1,531,415)
Cash and cash equivalents at beginning of period		583,384	2,095,913	564,498	2,095,913
Cash and cash equivalents at end of period	4	**385,489**	**583,384**	**288,661**	**564,498**

Notes to the Financial Statements

For the year ended 30 June 2008

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 2008 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 2008.

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), Urgent Issues Group 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

At 30 June 2008, the consolidated entity and the parent entity had incurred a net loss of $523,628 and $839,299, respectively for the year then ended.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's and parent entity's ability to continue as going concerns.

The ability of the consolidated entity to continue as going concerns is principally dependent upon raising additional capital to fund exploration commitments, other principal activities and for use as working capital. The company has also received financial support from a director related entity, if funding is not obtained to enable the consolidated entity to meet its debts.

The funding to be provided to the consolidated entity is at an arms length transaction is and repayable, with interest on completion of the next capital raising completed by the consolidated entity.

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.

Should the consolidated entity be unable to continue as a going concern, they may be required to realise their assets and extinguish their liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

1. **Corporate Information (continued)**

(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

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.

1. **Corporate Information (continued)**

(I) Income Tax (continued)

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 measured 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.

1. Corporate Information (continued)

(O) Exploration and Evaluation Expenditure (continued)

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 (l)). 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 closely 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.

SEGUE RESOURCES LTD

1. **Corporate Information (continued)**

(Y) Adoption of new accounting standards

The consolidated entity has adopted AASB 7 'Financial Instruments; Disclosures' and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

(Z) New accounting standards and interpretations

Certain new accounting standards have been published that are not mandatory for 30 June 2008 reporting periods. The Group has not applied any of the following in preparing this financial report:

Affected Standard	Nature and Impact of Change to Accounting Policy	Application
AASB 8: Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	No impact on accounting policy or amounts recognised in the financial statements, but will require change to disclosures in relation to 'management approach' of segment reporting.	1 January 2009
AASB 123 : Borrowing Costs	No impact on financial statements as no borrowing costs incurred by the Group to date.	1 January 2009
AASB 101: Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Introduces a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.	1 January 2009
AASB 3 : Business Combinations	As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.	1 July 2009
AASB 127 : Consolidated and Separate Financial Statements	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.	1 July 2009
AASB 2008- 1 – Amendments to AASB 2 "Share Based Payments"	The amendment clarifies that vesting conditions are restricted to: • service conditions; and • Performance conditions only. Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards. This means that all other terms and conditions are accounted for in the value of the share or option at grant date.	1 July 2009

2. Revenue and Expenses	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Other income				
Proceeds from sale of investments	135,019	1,005,620	135,019	1,005,620
Revaluation of investments	-	159,375	-	159,375
Rental income	3,500	7,092	-	-
Interest income – non related entities	12,171	56,832	12,171	56,290
	150,690	1,228,919	147,190	1,221,285
Expenses				
Depreciation				
- Plant and equipment	7,274	4,992	3,564	2,562
- Leasehold improvements	1,284	1,284	1,284	1,284
Total depreciation	8,558	6,276	4,848	3,846
Revaluation of investments	159,375	-	159,375	-
Net foreign exchange losses	-	2,483	-	2,483
Writedown of intercompany loan	-	-	317,512	1,671,524
Employee benefit and director compensation expense	72,389	275,000	72,389	275,000
Expense of share based payments	-	79,600	-	79,600
	72,389	354,600	72,389	354,600
Acquisition costs relating to Angela & Pamela uranium applications	-	2,115,595	-	2,115,595
Credited (Charged) as income:				
Net gain on disposal of investments	110,019	328,490	110,019	328,490

3. Income Tax Expense	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
The income tax expense for the year differs from the prima facie tax as follows:				
Loss for the year	(523,628)	(2,232,680)	(839,299)	(3,879,827)
Prima facie income tax (benefit) @ 30% (2007: 30%)	(157,088)	(669,804)	(251,790)	(1,163,948)
- Expenditure not allowable for income tax purposes	47,829	(23,188)	47,829	(23,188)
- Temporary differences & tax losses not brought to account as a deferred tax asset	109,259	692,992	203,961	1,187,136
Income tax reported in income statement	-	-	-	-
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	1,901,560	575,227	96,497	84,592
	1,901,560	575,227	96,497	84,592
Deferred income tax assets				
- Tax losses	1,901,560	575,277	96,497	84,592
	1,901,560	575,277	96,497	84,592
Net deferred tax asset/(liability)	-	-	-	-
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
- Tax losses	521,652	397,498	2,326,715	132,462
- Writedown of intercompany loan	-	-	596,711	501,457
- Capital raising costs	25,393	60,836	25,393	22,033
- Other	4,650	3,000	4,650	3,000
Potential unrecognised tax benefit @ 30%	551,695	461,334	2,953,469	658,952

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.

4. Cash and cash equivalents	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Cash at bank and on hand	369,241	567,136	288,661	564,498
Deposits at call	16,248	16,248	-	-
	385,489	583,384	288,661	564,498

The weighted average interest rate for the year was 7.03% (2007: 6.39%)

5. Trade and other receivables	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Current				
GST receivable	12,996	83,626	17,432	13,829
Environmental bond for EL 10004	5,000	5,000	5,000	5,000
Loan – Mining House Inc (i)	-	27,849	-	27,849
Other	14,970	6,211	13,204	-
	32,966	122,686	35,636	46,678

(i) Loan of C$25,000 provided to Mining House Inc to acquire first right of refusal to Fila Maestra coal project in Venezuela.

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.

Non-Current				
Amount receivable from controlled entity	-	-	1,989,036	1,671,524
Write-down of intercompany loan	-	-	(1,989,036)	(1,671,524)
	-	-	-	-

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.

6. Financial Assets

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Current				
Shares in listed corporations – at fair value	-	184,375	-	184,375
	-	184,375	-	184,375
Non-Current				
Shares in controlled entities – at fair value	-	-	4,161,000	3,900,000
	-	-	4,161,000	3,900,000

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 2008 $	Investment At Cost 2007 $
Parent Entity				
Segue Resources Limited	Ord	Australia	-	-
Controlled Entity				
Segue (Pardoo) Limited	Ord	Australia	4,161,000	3,900,000

7. Exploration and evaluation

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Opening balance at 1 July	5,802,368	362,280	281,974	362,280
Exploration assets acquired (note 24)	261,000	4,443,338	-	-
Exploration expenditure during the year	286,165	996,750	39,683	(80,306)
Closing balance at 30 June	6,349,533	5,802,368	321,657	281,974

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

8. Property, plant and equipment	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Office equipment				
- At cost	27,065	25,665	15,651	14,251
- Accumulated depreciation	(16,556)	(9,282)	(6,951)	(3,387)
Total office equipment	10,509	16,383	8,700	10,864
Leasehold improvements				
- At cost	12,840	12,840	12,840	12,840
- Accumulated depreciation	(2,705)	(1,421)	(2,705)	(1,421)
Total leasehold improvements	10,135	11,419	10,135	11,419
Total property, plant and equipment	20,644	27,802	18,835	22,283

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	16,383	11,419	27,802
Acquisitions	1,400	-	1,400
Depreciation expense	(7,274)	(1,284)	(8,558)
Carrying amount at the end of the year	10,509	10,135	20,644
Company:			
Balance at the beginning of the year	10,864	11,419	22,283
Acquisitions	1,400	-	1,400
Depreciation expense	(3,564)	(1,284)	(4,848)
Carrying amount at the end of the year	8,700	10,135	18,835

9. Trade and other payables	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Trade creditors and accruals	414,665	223,020	414,640	149,359
Other (i)	-	100,000	-	100,000
	414,665	323,020	414,640	249,359

(i) Convertible note payable to Professional Trading Services SA. The convertible note was due to be repaid by 31 December 2007 or convertible into 750,000 ordinary shares at $0.1333 per share. There was no interest payable on the convertible note. During the year the convertible note was repaid via the issue of shares.

10. Issued Capital

Share capital

Ordinary shares fully paid	9,297,285	8,797,285	9,297,285	8,797,285

	Consolidated		Company	
Movements in ordinary shares on issue	**Number**	**$**	**Number**	**$**
At 1 July 2007	60,307,050	8,797,285	60,307,050	8,797,285
Issued on 29 February 2008	10,000,000	500,000	10,000,000	500,000
At reporting date	70,307,050	9,297,285	70,307,050	9,297,285

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	
	2008	2007	2008	2007
11. Reserves	$	$	$	$
Option reserve – balance 1 July	269,680	190,080	269,680	190,080
Options issued to directors/management	-	79,600	-	79,600
Option reserve – balance 30 June	269,680	269,680	269,680	269,680

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

	Consolidated		Company	
	2008	2007	2008	2007
12. Accumulated Losses	$	$	$	$
Balance at the beginning of the financial year	2,669,370	436,690	4,316,517	436,690
Net loss attributable to members	523,628	2,232,680	839,299	3,879,827
Balance at the end of the financial year	3,192,998	2,669,370	5,155,816	4,316,517

13. Earnings Per Share	Consolidated 2008 $	2007 $
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Losses used in calculating basic and diluted earnings per share	523,628	2,232,680
	2008 Number	**2007 Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per shares	63,676,913	44,820,557

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.

14. Auditor's Remuneration	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Amounts received or due and received by PKF for:				
An audit or review of the financial report of the Consolidated Entity	33,396	21,043	33,396	21,043
Taxation advice	23,693	6,000	23,693	6,000
Total remuneration	57,089	27,043	57,089	27,043

15. Contingent Assets and Liabilities

There are no material contingent assets or liabilities as at 30 June 2008

16. 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 issue of 220,000 ordinary fully paid shares as a settlement of a liability of $11,000 relating to the acquisition of Westralian Nickel in 2006

17. 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 Company will be required to outlay in 2008/09 amounts of approximately $73,000. These obligations are expected to be fulfilled in the normal course of operations.

18. 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 2008 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 2008 owns 100% of the issued ordinary shares of Segue (Pardoo) Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 6.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 21.

(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	
	2008 $	2007 $	2008 $	2007 $
Beginning of the year	-	-	-	-
Loans advanced	-	-	317,512	1,671,524
Loans written off		-	(317,512)	(1,671,524)
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.

(g) Payments for travel related expenses

During the year $53,563 was spent on director travel related expenses (2007: $33,380).

19. Segment Reporting

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

20. 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

20. Financial Risk Management (continued)

Overview (continued)

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.

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	
	2008 $	2007 $	2008 $	2007 $
Loans and receivables	32,966	122,686	35,367	46,678
Cash and cash equivalents	385,489	583,384	288,661	564,498
	418,455	706,070	324,028	611,176

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	
	2008 $	2007 $	2008 $	2007 $
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	385,489	583,384	288,661	564,498

20. Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

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 contractual cash flows $**	**Carrying amount (assets)/ liabilities $**
As at 30 June 2008							
Trade and other payables	414,665	-	-	-	-	**414,665**	414,665
As at 30 June 2007							
Trade and other payables	223,020	-	-	-	-	**223,020**	223,020

Parent	**Less than 6 months $**	**6-12 months $**	**1-2 years $**	**2-5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount (assets)/ liabilities $**
As at 30 June 2008							
Trade and other payables	414,640	-	-	-	-	**414,640**	414,640
As at 30 June 2007							
Trade and other payables	149,539	-	-	-	-	**149,539**	149,539

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. 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 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

30 June 2007 Consolidated	Note	Weighted average interest rate	1 year or less $	2-5 years $	Total $
Financial assets					
Cash and cash equivalents		6.39%	288,661	-	288,661

Parent Sensitivity

The parent entity's main interest rate risk arises from cash and cash equivalents with variable interest rates. As at 30 June 2008, 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 $1,731 lower/higher (2007 – change of 100 basis points: $8,809 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

20. Financial Risk Management (continued)

(c) Market Risk (continued)

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 2007.

		Profit or loss		Equity	
Consolidated - 30 June 2008	**Carrying Value at year end**	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
Cash and cash equivalents	385,489	3,855	-3,855	3,855	-3,855
Trade receivables	32,966	-	-	-	-
Cash flow sensitivity (net)		3,855	-3,855	3,855	-3,855
Consolidated - 30 June 2007					
Cash and cash equivalents	583,384	5,834	-5,834	5,834	-5,834
Trade receivables	122,686	-	-	-	-
Cash flow sensitivity (net)		5,834	-5,834	5,834	-5,834

		Profit or loss		Equity	
Parent - 30 June 2008	**Carrying Value at year end**	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
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
Parent - 30 June 2007					
Cash and cash equivalents	564,498	5,645	-5,645	5,645	-5,645
Trade receivables	46,678	-	-	-	-
Cash flow sensitivity (net)		5,645	- 5,645	5,645	-5,645

(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:

	30 June 2008		30 June 2007	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables	32,966	32,966	122,686	122,686
Cash and cash equivalents	385,489	385,489	583,384	583,384
Trade and other payables	(414,665)	(414,665)	(223,020)	(223,020)
	3,790	3,790	483,050	483,050

	30 June 2008		30 June 2007	
Company	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables	35,636	35,636	46,678	46,678
Cash and cash equivalents	288,661	288,661	564,498	564,498
Trade and other payables	(414,640)	(414,640)	(249,359)	(249,359)
	(90,343)	(90,343)	361,817	361,817

(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.

21. 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
Robert Cross (resigned 18 March 2008)
Paul Fry (appointed 2 April 2008)
Robert Downey (resigned 2 April 2008)
John Arbuckle (resigned 2 April 2008)
Jurgen Hendrich (appointed 2 April 2008)

21. Key Management Personnel Disclosures (continued)

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

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	
	2008 $	2007 $	2008 $	2007 $
Short-term employee benefits	178,100	275,000	178,100	275,000
Post employment benefits	-	-	-	-
Equity compensation benefits	-	-	-	-
	178,100	275,000	178,100	275,000

(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:

2008	Balance 1 July 2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2008
Directors					
R Cross (i)	1,181,250	-	-	(1,181,250)	-
G Whiddon	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

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

2007	Balance 1 July 2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2007
Directors					
R Cross	393,750	-	-	787,500	1,181,250
G Whiddon	393,750	-	-	787,500	1,181,250
R Downey	200,000	-	-	400,000	600,000
J Arbuckle	210,000	-	-	420,000	630,000
	1,197,500	-	-	2,395,000	3,592,500

Options disclosed under "Net Change Others" refer to options that were allocated under the 3:1 share split.

(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:

2008	Balance 1 July 2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2008
Directors					
R Cross (i)	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.

2007	Balance 1 July 2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2007
Directors					
R Cross	193,750	-	-	387,500	581,250
G Whiddon	193,850	-	-	397,000	590,850
R Downey	100	-	-	200	300
J Arbuckle	20,100	-	-	40,200	60,300
	407,800	-	-	824,900	1,232,700

Shares disclosed under "Net Change Others" refer to options that were allocated under the 3:1 share split and on market acquisitions or disposals.

21. Key Management Personnel Disclosures (continued)

(d) Other transactions with key management personnel

(i) A previous Director, Mr R Downey is a director and shareholder of Quantum Vis Pty Ltd which was paid consulting fees of $66,400 for services rendered by Mr Downey outside of his duties as a director.

(ii) A previous Director, Mr J Arbuckle is a director and shareholder of Maybach Consulting Pty Ltd which was paid consulting fees of $31,750 for services rendered by Mr Arbuckle outside of his duties as a director.

(iii) During the financial period Westwind Capital Pty Ltd to which Messrs Whiddon, Downey and Arbuckle are directors and shareholders charged the consolidated entity $51,251 for the provision of administrative and office services, provided on normal commercial terms and conditions. Messrs Arbuckle and Downey resigned on 2 April 2008.

22. Share Based Payment

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.

No shares were issued during the 2008 year. On 12 April 2007, 200,000 (2006: 900,000) options with a fair value of $0.40 (2006: $0.21) each were granted over ordinary shares with an exercise price of $0.60 (2006: $0.60) each, vesting immediately and exercisable until 30 June 2010 (2006: 30 June 2010).

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:

	2008	2007
Dividend yield (%)	-	-
Expected volatility (%)	-	60
Risk-free interest rate (%)	-	5.9
Expected life of option (years)	-	3.2
Option exercise price ($)	-	0.60
Share price at grant date ($)	-	0.75

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 2008 nil options were exercised over ordinary shares. Balance from 2007 3,300,000.

Share options issued and outstanding at the end of the year have the following exercise prices:

Expiry Date	Exercise price	2008 No.	2007 No.
30 June 2010	0.20	3,300,000	3,300,000

Expenses reflected in the Income Statement are as follows

	2008 $	2007 $
Share options granted in 2007 – equity settled	-	79,600
Share options granted in 2008 – equity settled	-	-
	-	79,600

23. Reconciliation of Cash Flows from Operating Activities

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Cash flows from operating activities				
Loss for the year	(523,628)	(2,232,680)	(839,299)	(3,879,827)
Non-cash flows in profit:				
- Depreciation	8,558	6,276	4,848	3,846
- Share based remuneration	-	79,600	-	79,600
- Exploration and evaluation Angela and Pamela costs	-	1,806,000	-	1,806,000
- Profit on sale of equity investments	(135,019)	(328,490)	(135,019)	(328,490)
- Revaluation of equity investments to fair value	159,375	(159,375)	159,375	(159,375)
- Unrealised foreign exchange loss	-	2,484	-	2,484
- Writedown of intercompany loan	-	-	317,513	1,671,524
- Bad debt	27,849	-	27,849	-
Changes in assets and liabilities				
- Decrease/(increase) in trade receivables	61,871	(74,013)	(16,808)	1,995
- Increase/(decrease) in trade creditors and accrual	(10,198)	118,439	(3,732)	44,778
Net cash from operating activities	(411,192)	(781,759)	(485,273)	(757,465)

24. Business Combinations

Acquisition of Westralian Nickel Limited

On 31 August 2006, Segue Resources Limited acquired 100% of the voting shares of Westralia Nickel Limited, an unlisted public company based in Australia specialising in mineral exploration.

The total cost of the combination was $4,461,000 and comprised an issue of equity instruments and costs directly attributable to the combination. The Group issued 6,000,000 ordinary shares with a fair value of $0.65 each, based on the quoted price of the shares of Segue Resources at the date of exchange. The Group also issued 6,000,000 options exercisable at $2 on or before 31 August 2009, and paid creditors up to the value of $300,000.

The fair value of the identifiable assets and liabilities of Westralian Nickel Limited as at the date of acquisition are:

	Consolidated	
	Recognised on acquisition $	Carrying value $
Property Plant & Equipment	3,724	3,724
Exploration and Evaluation	258,343	258,343
Cash and cash equivalents	16,093	16,093
	278,160	278,160
Trade payables	263,155	263,155
	263,155	263,155
Fair value of identifiable net assets	15,005	15,005
Tenement acquisition costs	4,445,995	
	4,461,000	
Cost of the combination:		
Shares and options issued, at fair value	3,900,000	
Stamp duty on acquisition	250,000	
Settlement to creditors	311,000	
Total cost of the combination	4,461,000	
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	16,093	
Cash paid	-	
Net cash outflow	16,093	

The Directors have reviewed the excess value of the tenement acquisition costs over the acquisition price and determined that the full amount be carried forward. This is based on the review conducted at the time by an independent geologist, who advised that aeromagnetic, airborne radiometric and ground electromagnetic surveys conducted by Westralian Nickel Limited had indicated the presence of significant nickel/copper and base metals targets and potential for platinum group elements, uranium mineralisation and iron ore deposits. Therefore, the leases have the potential to contain a world class deposit and the purchase price paid was considered reasonable.

During the year the following acquisition costs have been added to the business combination:

Stamp duty of $250,000 has been brought to account in relation to the acquisition.

Additional creditor of $11,000 has been brought to account in relation to the acquisition.

Directors' Declaration

For the year ended 30 June 2008

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

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

(b) there are reasonable grounds to believe that the Company will be able to pay it debts as and when they become due and payable.

(c) This declaration has been made after receiving the declarations required to be made to the directors in accordance with Sections 295A of the *Corporations Act 2001* for the financial period ending 30 June 2008 and is made in accordance with a resolution of the Directors.

(d) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(C)

(e) The remuneration disclosures that are contained in the Remuneration Report in the Directors' report comply with Australian Accounting standards AASB 124 Related Party Disclosures, the *Corporations Act 2001* and the Corporations Regulations 2001.

Glenn Whiddon
Director

Perth, Western Australia
30 September 2008

PKF

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 2008, 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 both the company and the entities 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 Australian Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with Australian Equivalents to International Financial Reporting 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.

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

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

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 2008 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 financial report also 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 10 and 13 of the directors' report for the year ended 30 June 2008. 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 2008, 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 2008.

Shareholders Information

As at 28 September 2008

1. **Total number of issued fully paid ordinary shares was 70,527,050.**

2. **Distribution of Holders**

	Shares	Options
1 – 1,000	1,051	-
1,001 – 5,000	103,100	9,127
5,001 – 10,000	158,380	916,075
10,001 – 100,000	5,037,924	1,315,473
100,001 – and over	65,226,595	1,023,325
Total	70,527,050	3,264,000

3. **The number of holders of less than a marketable parcel of fully paid shares is 5.**

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

	Number of Shares Held	Percentage Held
Sunbeam Securities Pty Ltd	4,813,750	6.825
Paramount Advisors Limited	4,523,966	6.415
Vogue Overseas SA	4,406,250	6.248
Professional Trading Services SA	4,118,248	5.839
New Resources Holdings Pty Ltd	3,845,120	5.452

5. **Top 20 Shareholders**

	Number of Shares Held	Percentage Held
Sunbeam Securities Pty Ltd	4,813,750	6.825
Paramount Advisors Limited	4,523,966	6.415
Vogue Overseas SA	4,406,250	6.248
Professional Trading Services SA	4,118,248	5.839
New Resources Holdings Pty Ltd	3,845,120	5.452
Bank SAL Oppenheim JR & CIE (SWIRZ) AG	3,468,750	4.918
Professional Trading Services SA	3,262,500	4.626
Vogue Overseas SA	2,200,000	3.119
HSBC Group Nominees (Australia) Limited	1,999,647	2.835
Ord Superannuation Pty Ltd	1,454,119	2.062
Wisevest Pty Ltd	1,4000,00	1.985
Aton Select Fund Limited	1,350,000	1.914
Asset Protection Fund Limited	1,200,000	1.701
Blackmort Nominees Pty Ltd	1,169,748	1.659
Lagral SCP	1,037,676	1.471
Mr David Steinepreis	1,000,000	1.418
Mount Royal Pty Limited	1,000,000	1.418
Australian Resources Finance Pty Ltd	1,000,000	1.418
Midas Investments International Limited	984,714	1.396
Woodrose Limited	926,250	1.313
Total	45,160,738	64.033
Shares on issue	70,527,050	

Shareholders Information

As at 28 September 2008

6. Top 20 Listed Option Holders

	Number of Options Held	Percentage Held
Ord Superannuation Pty Ltd	363,000	11.121
L Zaninovich Pty Ltd	210,000	6.434
Mr Gerald Magree	200,000	6.127
Mr Rowan Jasper	125,225	3.837
Mr Scott Duncan & Mrs Shelly Duncan	125,100	3.833
Mrs Maria Ann Munyard	87,713	2.687
Mr Brian Bradford	81,000	2.482
P & F George Pty Ltd	75,000	2.298
Truwest Pty Ltd	66,000	2.022
Mr Stefan Hicks	66,000	2.022
Mr Nicholas Korenedd & Mrs Linda Koreneff	60,000	1.838
West Edge Investments Pty Ltd	60,000	1.838
Mrs Judith Smith	57,000	1.746
Dalkeith Resources Pty Ltd	54,000	1.654
Ms Jeanette Terpens	46,160	1.414
Dr Henry Kristall	36,000	1.103
Mr Scott Duncan & Mrs Shelly Duncan	32,500	0.996
Mr Julian Coyne	30,000	0.919
Mr John Arbuckle	30,000	0.919
Carmant Pty Ltd	30,000	0.919
Total	1,834,698	56.210
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 authorised 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.

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		
Holdings of more than 20% of this class	3,300,000	4
- Mr John Arbuckle	600,000	
- Mr Robert Cross	750,000	
- Mr Robert Downey	600,000	
- Mr Glenn Whiddon	750,000	
(d) Options exercisable at 67 cents		
on or before 31 August 2009	18,000,000	51
Holdings of more than 20% of this class		
- New Resource Holdings Pty Ltd	8,658,870	
(e) 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	

10. 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.

SEGUE RESOURCES LTD

ABN 49 112 609 846

Suite 3, Level 3, 1292 Hay Street.
West Perth Western Australia 6005

Telephone: (08) 9486 4699
Facsimile: (08) 9486 4799

Email: admin@segueresources.com
Website: www.segueresources.com