



ANNUAL FINANCIAL REPORT
30 JUNE 2017

Directors

Steven Michael Managing Director and Chief Executive Officer
Frazer Tabear Non-Executive Director
Nicholas Ong Non-Executive Director

Company Secretary

Matthew Foy

Registered Office

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Auditors

Pitcher Partners Corporate & Audit (WA) Pty Ltd
Level 1
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Perth WA 6000

Bankers

ANZ Banking Group Limited
32 St Quentin Avenue
Claremont WA 6010

Share Registry

Advanced Share Registry Service
150 Stirling Highway
Nedlands WA 6009

Stock Exchange Listing

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

ASX Code: SEG

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Managing Director's Letter

Dear Shareholder,

On behalf of your Directors, I am pleased to present Segue Resources Limited's (**Segue** or the **Company**) 2017 Annual Report and Financial Statements.

During the 2016/17 financial year, Segue continued to rationalise its portfolio of exploration tenements and focus on its primary exploration assets at the Barlee Gold Project and Malinda Lithium Project (formerly Gascoyne Lithium Project). In addition, the Company retains a significant interest in the Plumridge Nickel Project through its joint venture with MMG Limited. Segue has completed a very successful year, with multiple phases of exploration leading to the discovery of mineralisation at both the Barlee Gold and Malinda Lithium Projects.

The Barlee Gold Project is 100% owned by Segue and covers 1,200km² of exploration licences, approximately 180km north-east of Southern Cross, in the Eastern Goldfields of Western Australia. The project covers over 100 strike kilometres of the Evanston, South Elvire and Yerilgee Greenstone Belts. During the year, Segue completed a wide-spaced BLEG survey and multiple phases of soil sampling which identified nine gold target areas. Subsequent to the end of the year, Segue completed first pass drilling at the T1 and T2 Prospects, with significant gold mineralisation intersected at both Prospects. The best results were 15m @ 1.48g/t Au including 3m @ 6.73g/t Au from T1 and 48m @ 0.64g/t Au including 21m @ 1.13g/t Au from T2. The next stage of exploration at the Barlee Gold Project will include first pass drilling at the T6, T8 and T11 Prospects plus infill and step out drilling at T1 and T2.

Segue owns a 100% interest in the Malinda Lithium Project, located 275km east of Carnarvon in the Gascoyne Region of Western Australia. Regional exploration during the year identified a cluster of lithium-caesium-tantalum (**LCT**) prospects associated with the Thirty Three Supersuite of granitic intrusions. Segue has completed a maiden reverse circulation (**RC**) drilling programme over the Tomahawk, T-Bone, Blade and Flank Prospects. Assay results from the first six (6) holes at the Tomahawk and T-Bone Prospects confirmed significant lithium and tantalum mineralisation, including 14m @ 1.25% Li₂O and 12m @ 335ppm Ta₂O₅. Follow up drilling is planned to commence in November 2017.

The Plumridge Nickel Project is one of the largest and most prospective nickel exploration areas in the Fraser Range Province of Western Australia. During the year, MMG Exploration continued systematic exploration including a HELITEM survey over the majority of the Project area. Targets identified by the HELITEM survey are currently being refined through a ground fixed-loop electromagnetic (FLEM) survey. Under the joint venture, MMG can earn an initial 51% interest through the expenditure of \$6.5 million. MMG had spent \$2.4 million to the end of June 2017.

Over the past two years, Segue has continued to build on its strategy to provide shareholders with exposure to multiple commodities and a portfolio of assets at different stages of exploration. The Company will rapidly progress exploration at the Barlee Gold and Malinda Lithium Projects, with additional drilling to be undertaken at both projects in 2H 2017.

During the year, Segue funded its exploration activities through several placements totalling \$2.5 million. In addition, the Company undertook a major consolidation of capital (1 for 35) and has recently completed an Unmarketable Share Sale Facility. These capital management initiatives resulted in Segue ending the year in a very robust position and is now poised to undertake continued, meaningful exploration campaigns at each of its projects during the coming financial year. I would like to thank Segue's shareholders for their continued support and look forward to advancing our lithium, gold and nickel assets.

Steven Michael
Managing Director
Segue Resources Ltd

Directors' Report

Your directors submit their report for the year ended 30 June 2017.

DIRECTORS AND MANAGEMENT

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

Mr Steven Michael	Managing Director and Chief Executive Officer
Dr Frazer Tabear	Non-Executive Director
Mr Nicholas Ong	Non-Executive Director



Mr Steven Michael – Managing Director & Chief Executive Officer

Mr Michael has extensive experience in the global resources sector specialising in corporate finance and equity capital markets. He has over 20 years' experience in natural resources with RBC Capital Markets, Macquarie Bank and NM Rothschild & Sons.

Mr Michael holds a B.Com, is a Member of the Institute of Chartered Accountants in Australia and is a member of the Australia Institute of Company Directors.

Other current directorships

Nil.

Former directorships in last 3 years

Nil.



Dr Charles (Frazer) Tabear – Non-Executive Director

Dr Tabear is a graduate of the Royal School of Mines with a PhD and Honours in Mining Geology. He has over 25 years' experience in international exploration and mining projects, including 16 years with WMC Resources and 9 years with the Mitchell River Group of Companies. Whilst at WMC, Dr Tabear managed Cu-Au and Ni-Cu exploration portfolios in the Philippines, Mongolia and southern Africa. At Mitchell River Group, Dr Tabear has led African Energy Resources through the discovery and acquisition of several coal and uranium deposits in Botswana and Zambia, building a portfolio comprising 8.7 billion tonnes of thermal coal.

Dr Tabear is a member of the Australian Institute of Geoscientists and a member of the Society of Economic Geologists.

Other current directorships

Dr Tabear is currently Managing Director of African Energy Resources Limited, an ASX listed power development and generation company, Managing Director of ASX listed Coventry Resources Ltd, Director of Mitchell River Group (a private project generation and development company) and principal of Geogen Consulting Pty Ltd, a consultant to the minerals industry.

Former directorships in last 3 years

Nil.



Directors' Report



Mr Nicholas Ong – Non-Executive Director

Mr Ong was a Principal Adviser at the ASX in Perth and brings ten years' experience in listing rules compliance and corporate governance to the board. Mr Ong was an active member of the ASX JORC Group and has overseen the admission of in excess of 100 companies to the official list of the ASX.

Mr Ong is a member of Governance Institute Australia and has a MBA from the University of Western Australia.

Other current directorships

Mr Ong is currently Chairman of ASX listed CoAssets Ltd, Non-Executive Director of Haixi Pharmaceutical Ltd and Tianmei BG Corp Ltd.

Former directorships in last 3 years

Non-Executive Director of Auroch Minerals Ltd, MSM Corporation Limited, Excelsior Gold Ltd and Fraser Range Metals Group Limited.



Dean Tuck – Exploration Manager

Mr Tuck has ten years' experience in international exploration including five years with BHP Billiton, Talisman Mining and several private companies. Mr Tuck has been a part of multiple discoveries at Talisman Mining and BHP Billiton and been responsible for the discovery of the Malinda LCT Pegmatites in the Gascoyne Province.

Mr Tuck holds a BSc in Geoscience from the University of Texas (Dallas) and is a member of the Australian Institute of Geoscientists and a member of the Society of Economic Geologists.



Matthew Foy – Company Secretary

Mr. Foy was previously a Senior Adviser at the ASX, has nine years' experience in facilitating the compliance of listed companies. Mr. Foy is a qualified Chartered Secretary and has reviewed and approved the listing of over 40 companies during his tenure at the ASX. Mr. Foy is also Company Secretary of ASX-listed Protean Energy Limited, Frontier Resources Limited, XTD Limited and Love Group Global Ltd.

Mr Foy is a member of Governance Institute Australia, has a Graduate Diploma (Applied Finance) from FINSIA and a B.Com from the University of Western Australia.

Auditor

Pitcher Partners Corporate & Audit (WA) Pty Ltd 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.

Directors' Report

REVIEW OF OPERATIONS

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

Segue also announced that stream sediment sampling at the Malinda Lithium Project had identified five lithium prospects. Soil sampling over all prospects commenced in February 2017 and areas for first pass drill testing were defined.

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

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

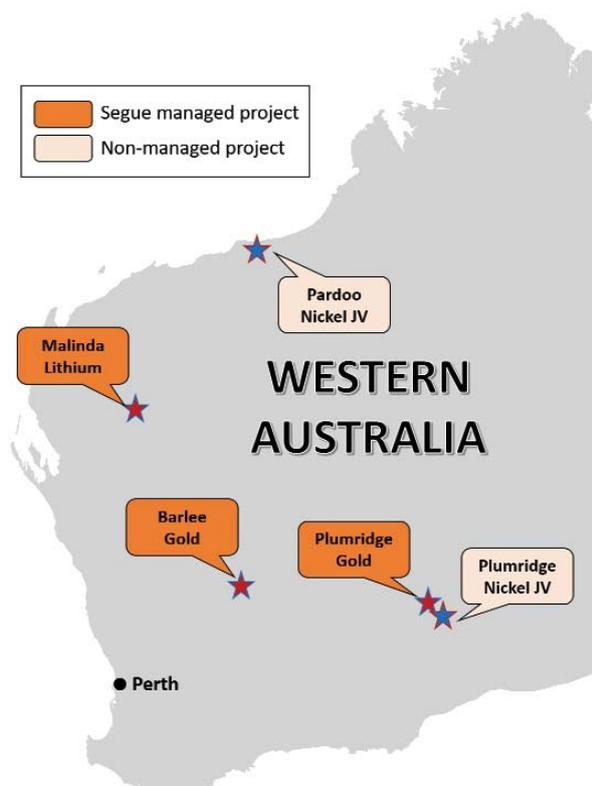


Figure 1: Project location map

BARLEE GOLD PROJECT

Eastern Goldfields, Western Australia

During the Period, Segue announced it had applied for six exploration licences at the Barlee Gold Project covering 960km² of highly prospective greenstone belts, 180km north of Southern Cross in the Eastern Goldfields of Western Australia (**Figure 2**). The Barlee Gold Project covers over 120 strike kilometres of the Evanston, South Elvire and Yerrilgee Greenstone Belts which straddle the Evanston and Yuinmery Shear Zones.

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

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

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

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



Directors' Report

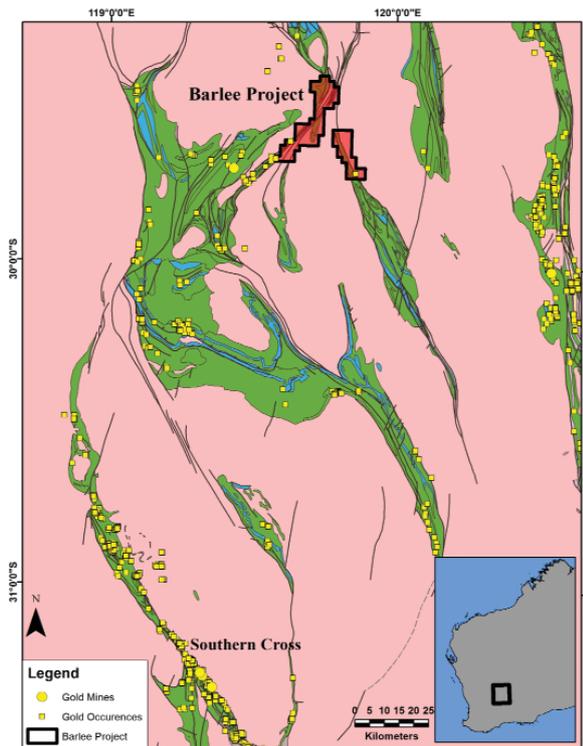


Figure 2: Barlee Project tenement map

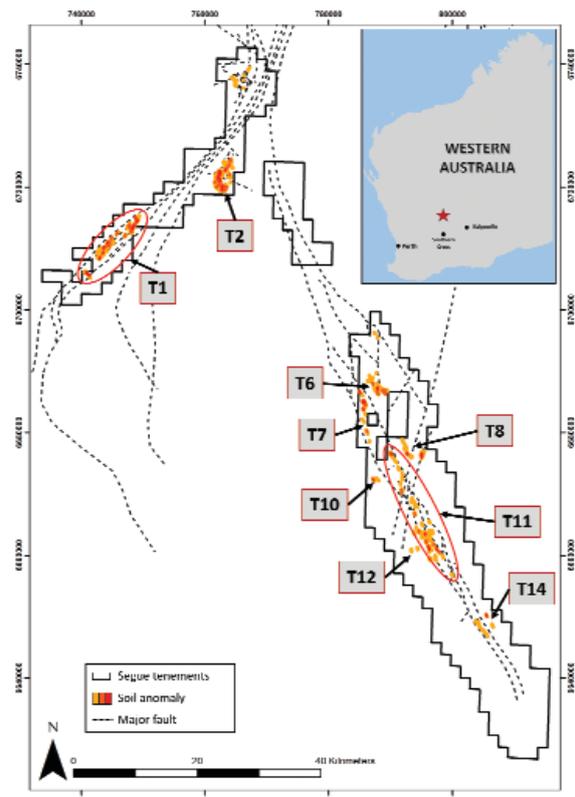


Figure 3: Gold results from the T1 – T14 target areas, highlighting significant anomalies and major structures

In early 2017, Segue identified 14 gold targets through a combination of a project-wide BLEG (bulk leach extractable gold) survey, geochemical and geophysical data, litho-structural interpretation and historical exploration results. Segue then completed a 400m x 100m soil sampling programme over each of the 14 target areas. The soil sampling delineated nine significant gold anomalies (**Figure 3**). Follow up in fill soil sampling (200m x 50m) has been undertaken at T1 and T2, with the remaining seven anomalies to be completed in 3Q 2017.

In June 2017 the Company received the necessary approvals to commence its maiden drill programme at the Barlee Gold Project. The 4,715m aircore drilling programme commenced in mid-July 2017 and was designed to follow up on the highly prospective T1a and T2 gold prospects (**Figure 4**).

The drill programmes at T1 and T2 were designed to target gold mineralisation at the base of weathering and collect fresh rock samples for multi-element and hyperspectral analysis. This was achieved through a combination of aircore and shallow RC drilling. Drilling was initially carried out at 80m spacings to determine the presence of saprolite and depth to fresh rock.

Following interpretation of the wide spaced 80m holes at T1, three areas were chosen for close spaced 20m shallow RC drilling to test the weathered/fresh rock interface. Drilling at T1 resulted in 10 anomalous results of over 100ppb Au (0.1g/t Au) in close proximity to Banded Iron Formations and lithological boundaries within an ultramafic-mafic-intermediate volcanic sequence (**Figures 5 & 6**). Aircore hole BARAC0136 intersected **15m @ 1.48g/t Au from 12m including 3m @ 6.73g/t Au from 12m**.

Directors' Report

The area at T1 has also been intruded by a number of felsic intrusions and minor aplites and pegmatites. This is similar to the Southern Cross greenstone belt and the structural and lithological setting of T1 is analogous to the high-grade Copperhead gold deposit (historical production of +1Moz Au), located 35km north of Southern Cross.

At T2, following interpretation of the wide spaced 80m holes, combined with surface geochemistry, geological mapping and magnetic interpretation, Segue completed two RC fence lines over a prospective structure in the northern end of T2. Each fence line consisted of four 120m deep angled RC holes.

Subsequent to the Period, Segue advised that drilling at T2 had resulted in 10 anomalous results over 100ppb Au (**Figures 7 & 8**) with the best intercept of **48m @ 0.67g/t Au from 27m including 21m @ 1.13 g/t Au from 54m and 3m @ 2.28 g/t Au from 63m** in hole BARRC007. Other significant intercepts include **3m @ 0.8 g/t Au from 42m** in hole BARRC005 and **3m @ 0.44 g/t Au from 93m** in hole BARRC001.

Mineralisation at T2 is associated with numerous quartz-carbonate-sulphide veins within a wide zone of disseminated sulphide adjacent to a shear structure which has been intruded by felsic igneous rocks.

Following the successful drilling programme at the T1 and T2 prospects, Segue will commence a 6,000m aircore/RC drilling programme at the T6, T8 and T11 prospects (Barlee South) in October 2017.

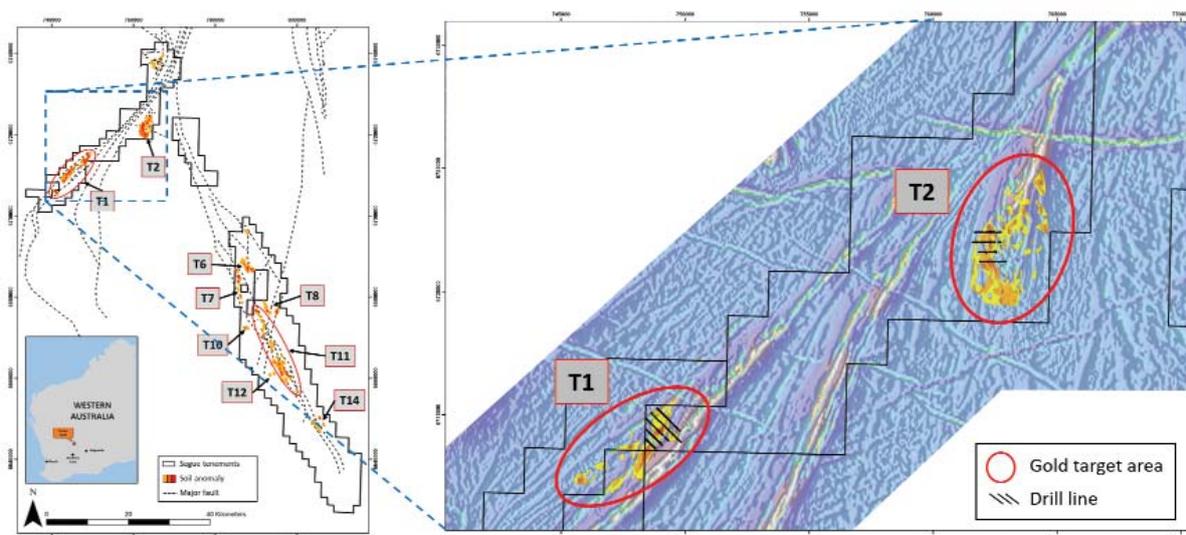


Figure 4: Barlee Gold Project Location Map and T1 & T2 Gold Prospects

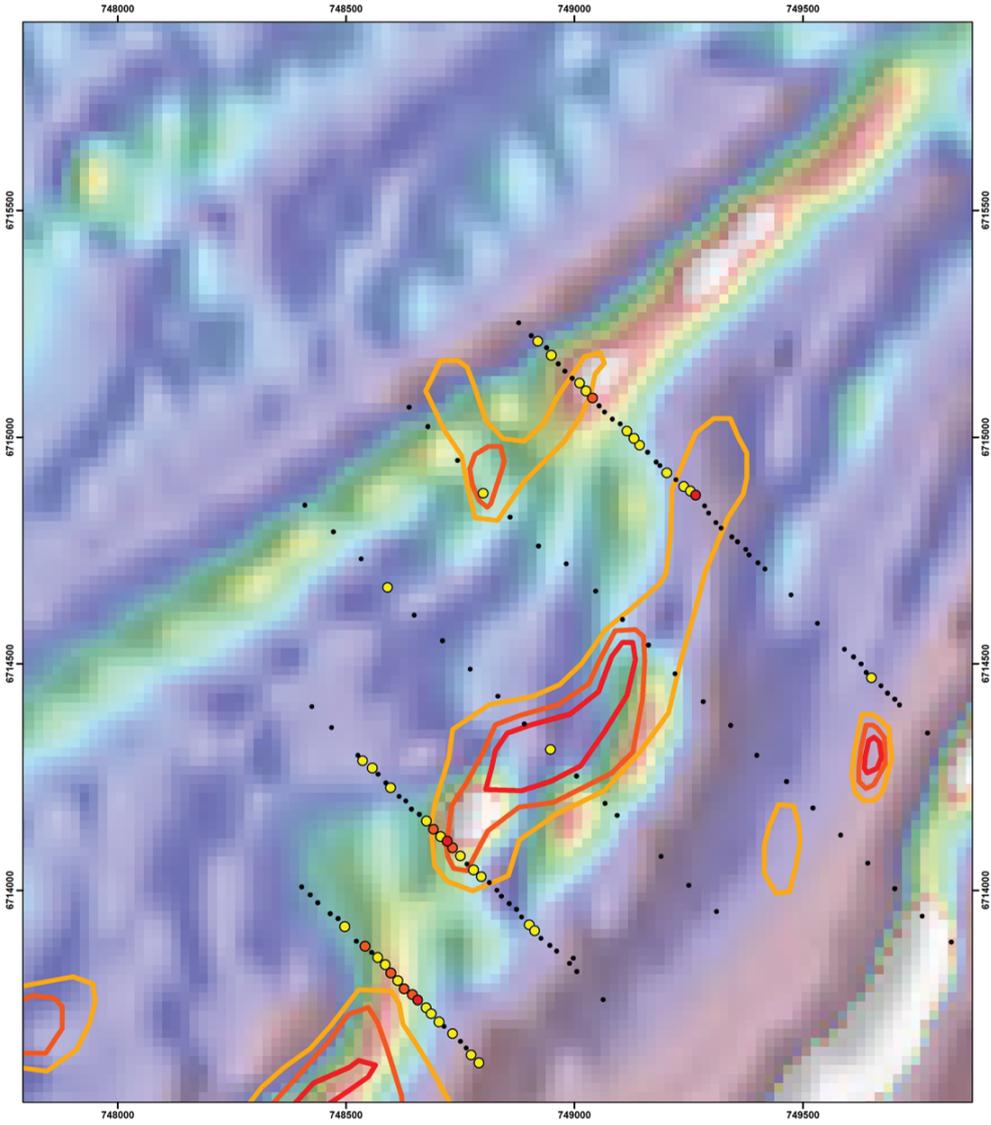


Figure 5: T1 prospect showing drill holes and soil contours over magnetic image

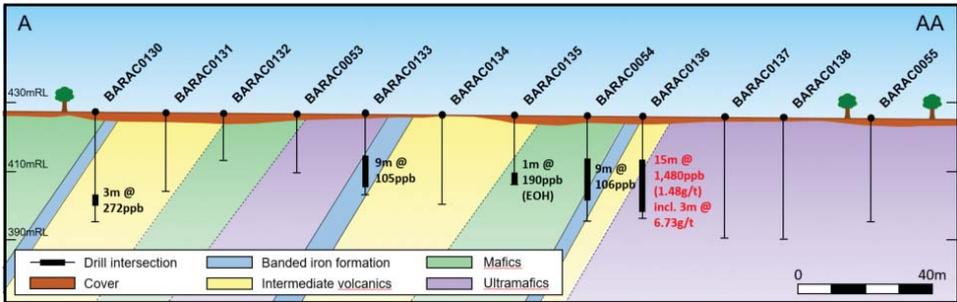


Figure 6: Section A-AA at T1 prospect

Directors' Report

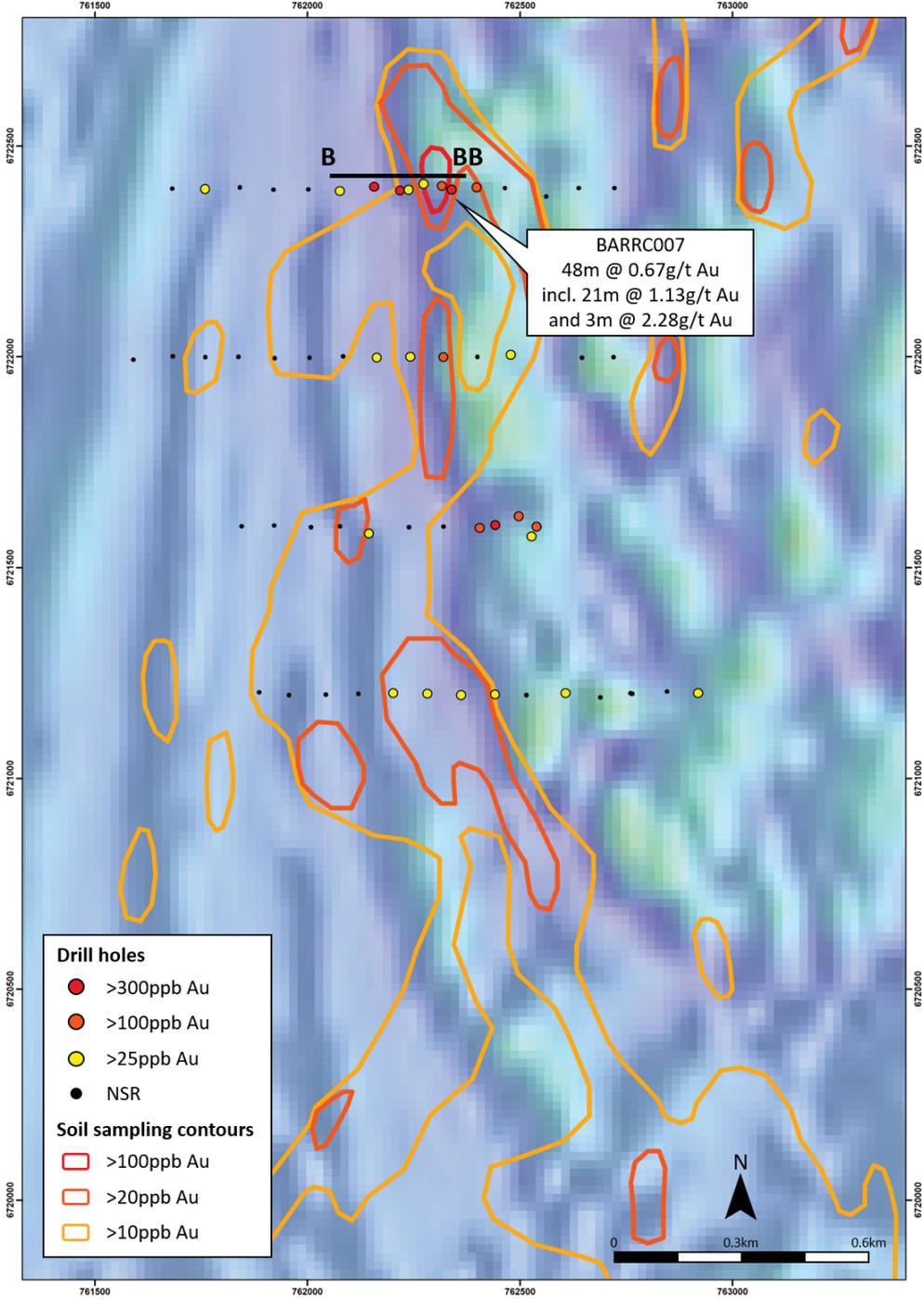


Figure 7: T2 prospect showing drill holes and soil contours over magnetic image

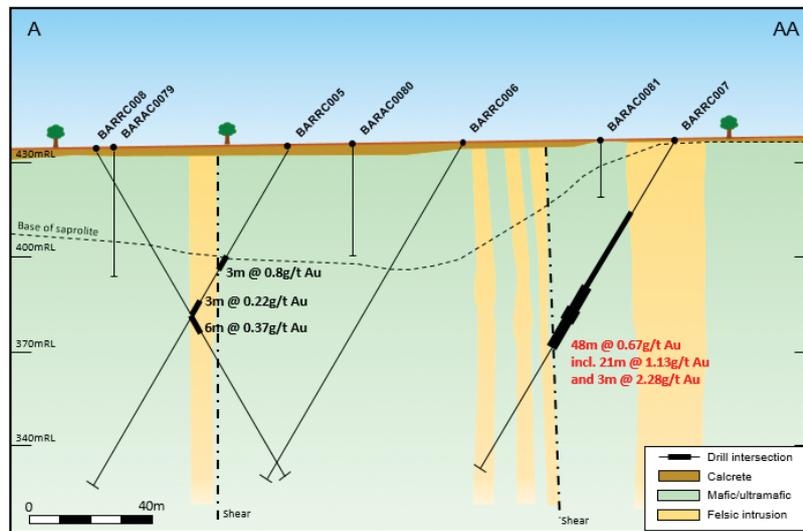


Figure 8: Section B-BB at T2 prospect

MALINDA LITHIUM PROJECT

Gascoyne Region, Western Australia

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

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

In November 2016, Segue completed a stream sediment survey over the 1,100 km² Malinda Lithium Project to identify areas prospective for lithium-caesium-tantalum (**LCT**) pegmatites. The project area has a well-developed drainage system and the stream sediment programme was designed to identify lithological packages with anomalous LCT pegmatite pathfinder elements (Li, Cs, Ta, Nb, Be, Rb) which may indicate the erosion of an outcropping or sub-cropping mineralised LCT pegmatite. The survey consisted of ~1,300 samples collected at a density of 1-3 samples per square kilometre. The results were reviewed by Segue's consulting geochemist and five prospects were identified with LCT pathfinder element anomalism in the correct geological setting proximal to fertile granite intrusions of the Thirty Three Supersuite (**Figure 9**).

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

Segue undertook a detailed soil sampling, rock chipping and stream sediment sampling programme at the Tomahawk, T-Bone, Blade and Flank prospects in February 2017. The soil sampling programme consisted of ~1,500 samples collected on a 50x50m and 100x100m grid spacing within tenement E09/2169. In addition to the soil sampling, a further 64 rock chips have been received with assay results including 0.65% Li₂O and 554ppm Ta₂O₅.

Directors' Report

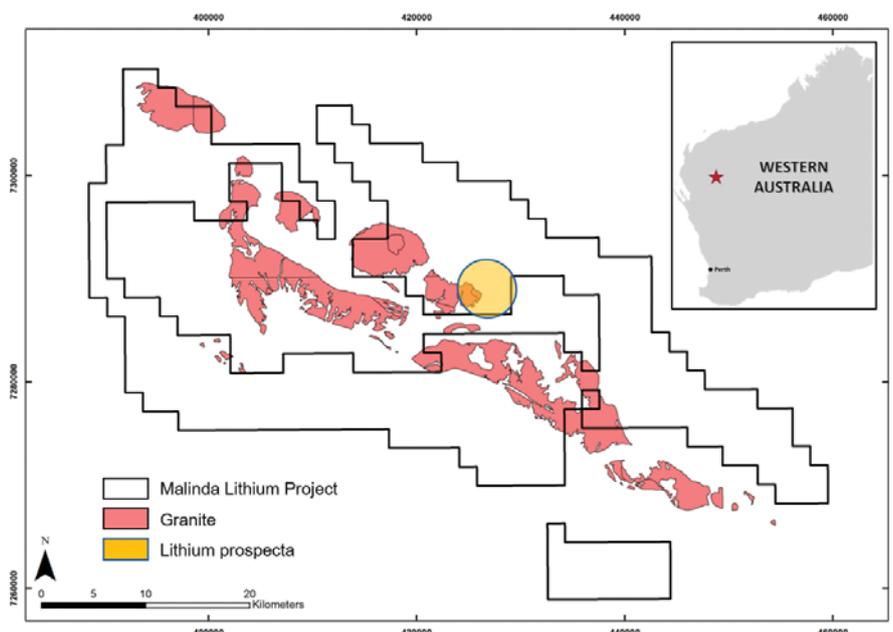


Figure 9: Simplified geology with lithium prospects

Within the metasediments, a number of small pegmatite dykes occur within schists and an extensive pegmatite body was identified in topographic lows. The pegmatite contained small outcrops of fine grained (aplitic) and medium to coarse grained pegmatite. The soil sampling results highlighted several anomalous areas within the interpreted LCT pegmatite zone with a peak value of 0.8% Li_2O .

The assays for 64 rock chips were received and expanded the areas of confirmed mineralisation with 14 samples returning values greater than 0.3% Li_2O (up to 1.03% Li_2O) and 63 samples returning values greater than 100ppm Ta_2O_5 (up to 554ppm Ta_2O_5).

In May 2017 Segue announced additional high grade rock chips from several lithium prospects. A total of 68 rock chips (average sample weight 6.1kg) were collected with 7 samples assaying at over 1% Li_2O and peak values of **3.77% Li_2O , 2.22% Li_2O and 1.89% Li_2O (Figure 10)**. In addition, 34 rock chips returned values greater than 100ppm Ta_2O_5 including 669ppm Ta_2O_5 and 636ppm Ta_2O_5 .

Subsequent to the Period on 17 August 2017 the Company advised it had commenced its maiden reverse circulation (**RC**) drill programme at the Malinda Lithium Project. The 2,500m RC drill programme was designed to test the lateral extent, depth and orientation of the 1.8km x 1.2km prospect (**Figure 11**).

A total of 17 holes were completed across four different pegmatite outcrops with significant pegmatites intersected in several drill holes up to 35m thick. Assay results from the first six (6) holes has confirmed significant lithium and tantalum mineralisation at the T-Bone and Tomahawk prospects with intersections including **14m @ 1.25% Li_2O (GASRC0003) and 12m @ 335ppm Ta_2O_5 (GSARC0005)**.

The drilling has resulted in the identification of thick moderately dipping pegmatites at three of the main prospects and assays to date have confirmed the mineralisation potential at the T-Bone (**Figure 12**) and Tomahawk (**Figure 13**) Prospects.

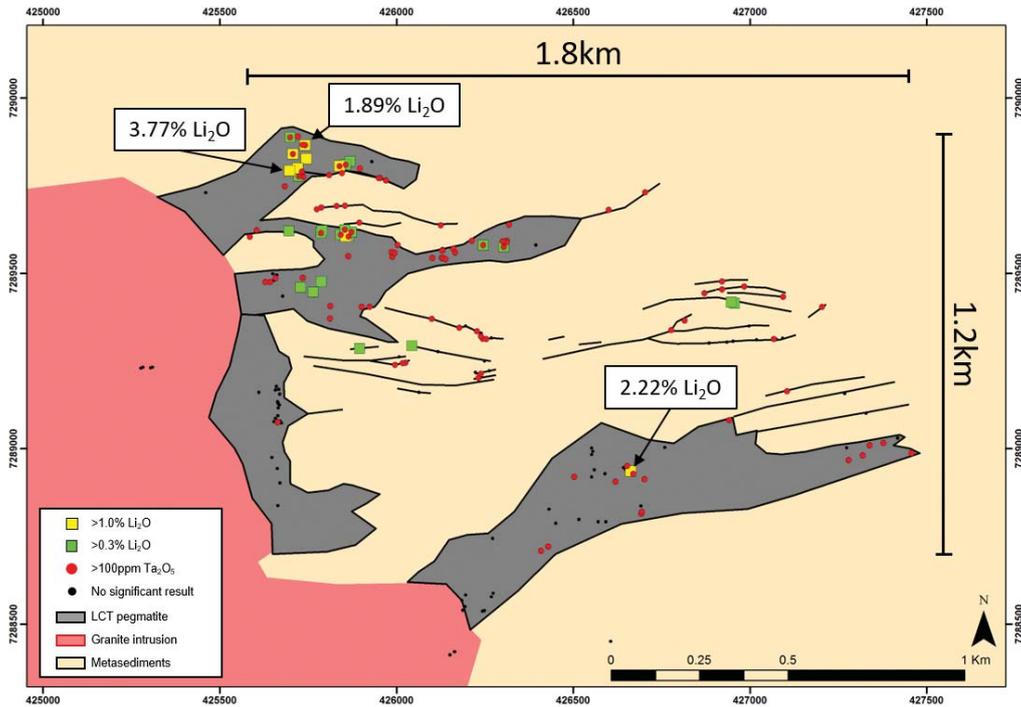


Figure 10: Interpreted geological map showing multivariate Z-score for soil samples and mineralised pegmatites

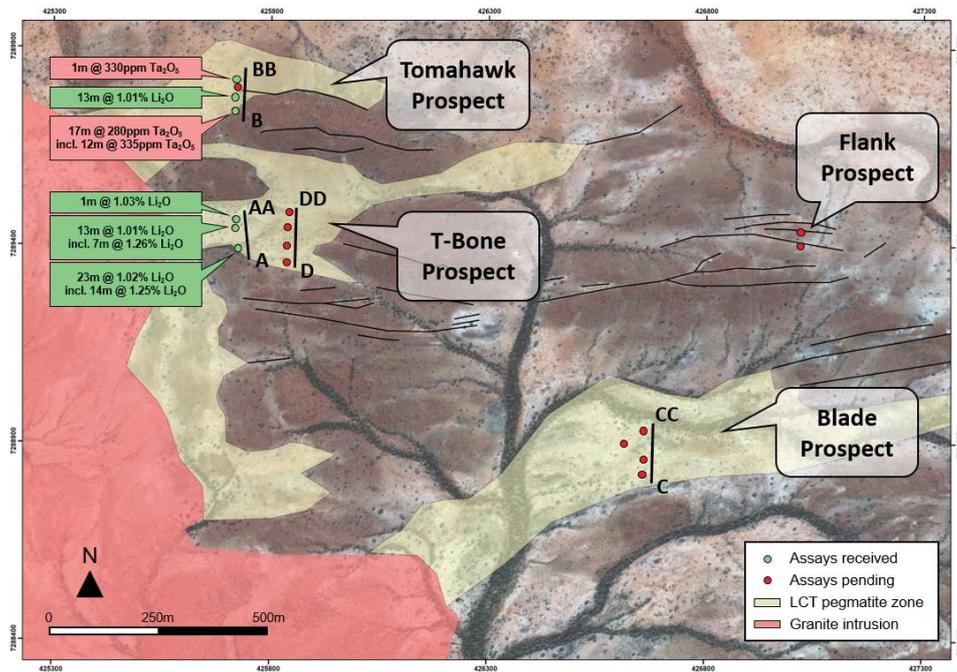


Figure 11: Lithium prospects showing drill collar locations and significant lithium and tantalum intersections

Directors' Report

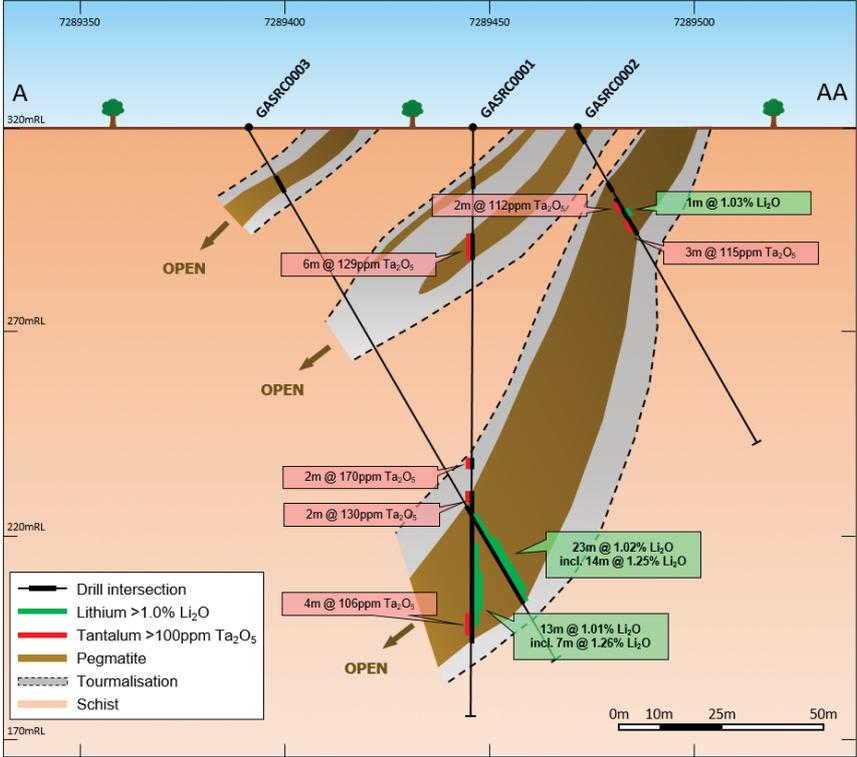


Figure 12: T-Bone Prospect - cross section A-AA showing significant lithium and tantalum intersections

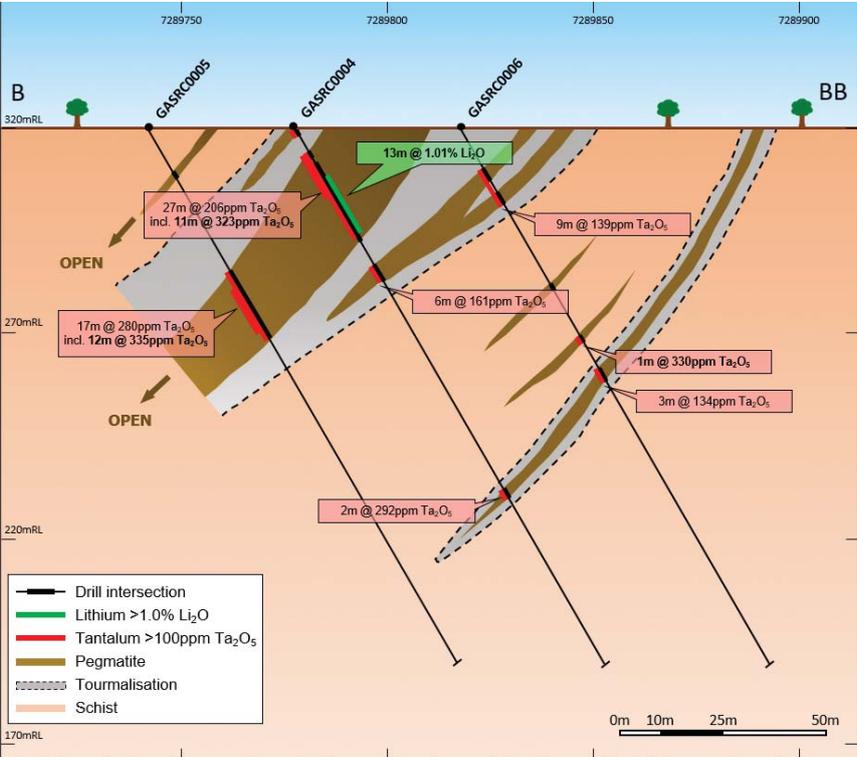


Figure 13: Tomahawk Prospect - cross section B-BB showing significant lithium and tantalum intersections

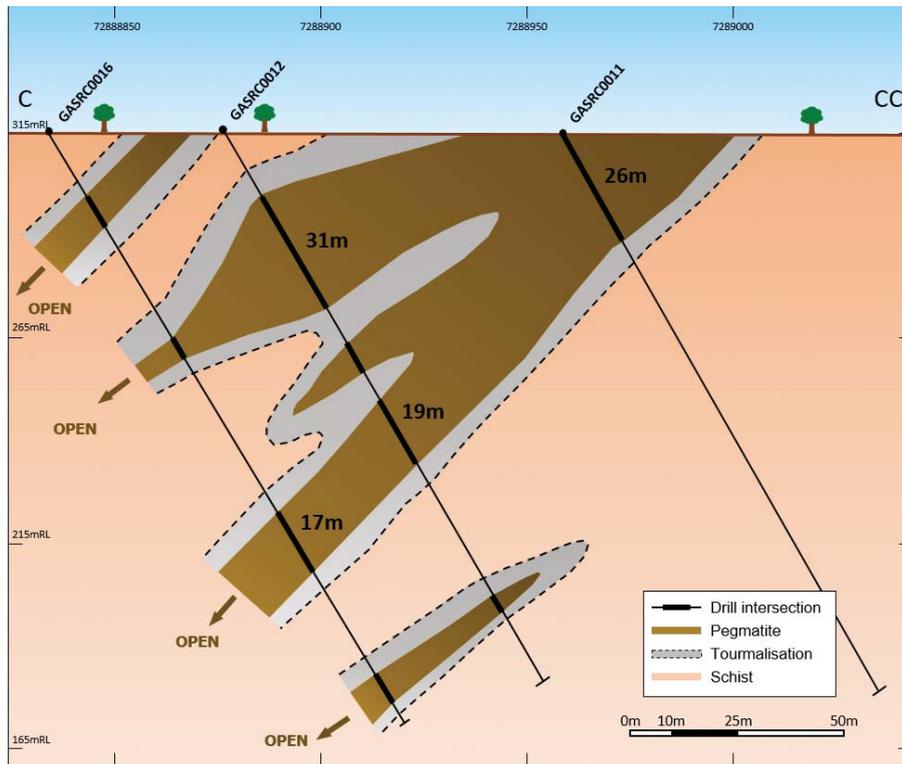


Figure 14: Blade Prospect - cross section C-CC showing south dipping pegmatite swarm

Further thick pegmatites have been intersected at the Blade Prospect (**Figure 14**). GASRC0011 intersected 26m of pegmatite from surface and GASRC0012 intersected three pegmatites for a total of 58m including a 31m thick pegmatite at 19m and a 19m thick intersection at 72m.

An additional fence line of RC holes was drilled at the T-Bone Prospect, approximately 120m east of the initial three holes (GASRC0001-3). Drill holes along this second line also intersected pegmatites that can be traced to unweathered surface outcrops (**Figure 15**). GASRC0017 intersected 49m of pegmatite including 11m from 21m, 15m from 118 and 20m from 139m.

The next RC drilling programme will commence in November 2017 and will systematically step out from current intersections to better understand pegmatite variability and to work towards a maiden resource estimate in 1Q 2018.



Directors' Report

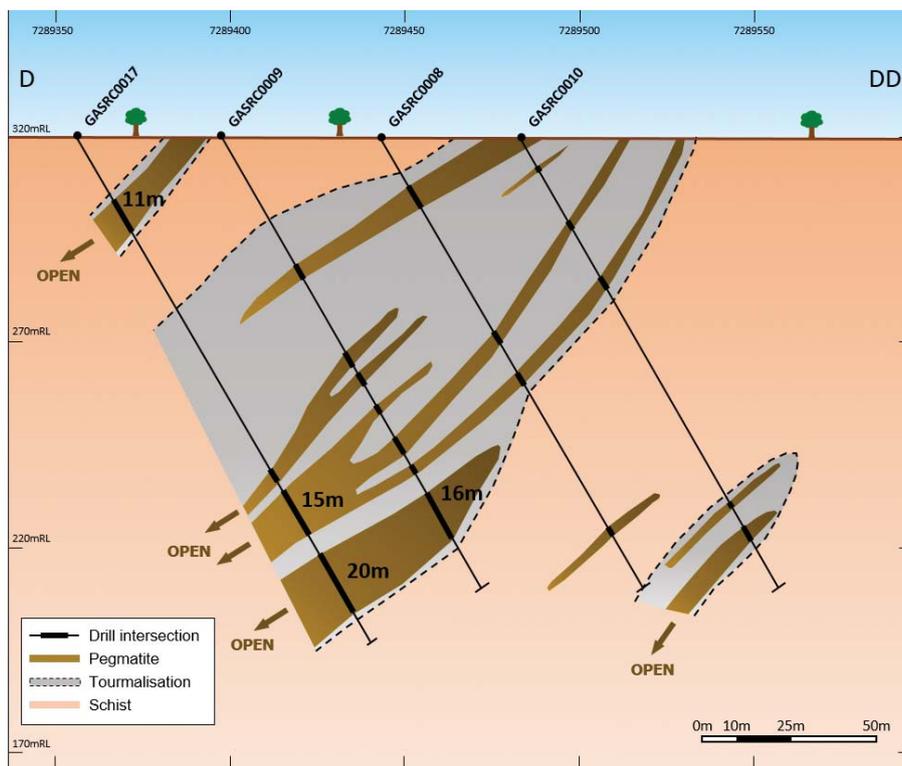


Figure 15: T-Bone Prospect - cross section D-DD showing south dipping pegmatite swarm

PLUMRIDGE NICKEL PROJECT

Fraser Range Province, Western Australia

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

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

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

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

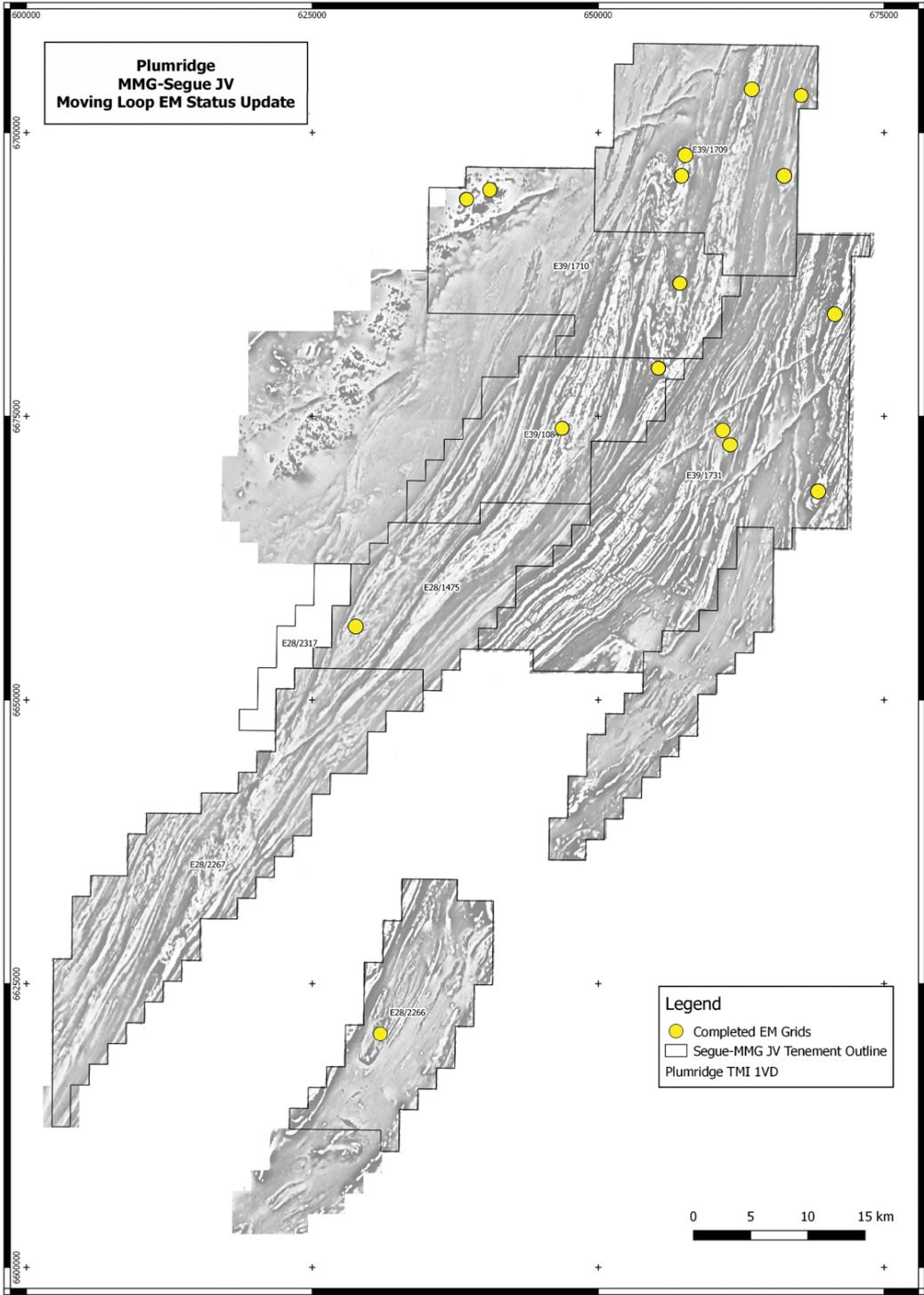


Figure 16: Plumridge Nickel Project showing 1VD gravity image with MLEM targets

Directors' Report

Following a project-wide detailed gravity survey undertaken in 2016, MMG completed a HELITEM survey over a large portion of the Project area during the quarter (**Figure 17**), with a total of 5,970 line kilometres flown. All data was sent to AarhusGeo for inversion modelling with the aim of drill testing high priority targets in September 2017. A sizeable portion of the survey has surveyed depths of up to 600m (**Figure 18**).

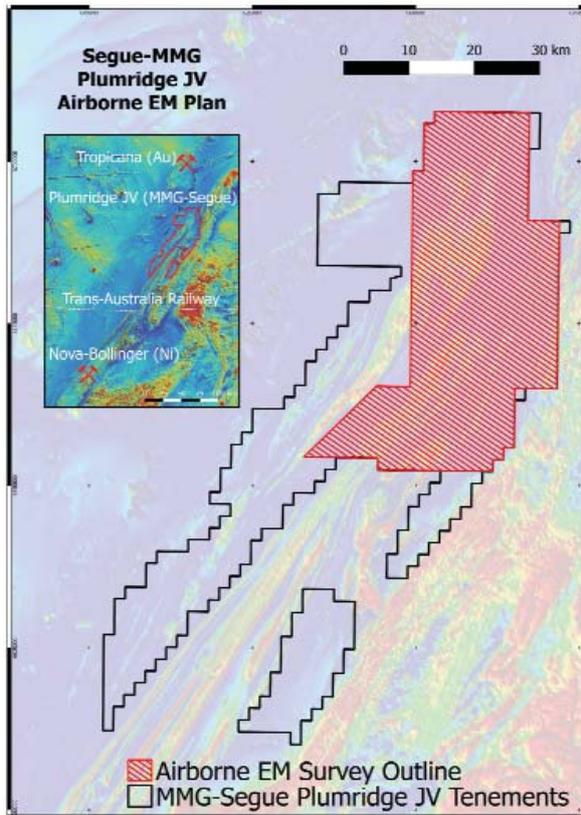


Figure 17: Plumridge Project HELITEM survey plan

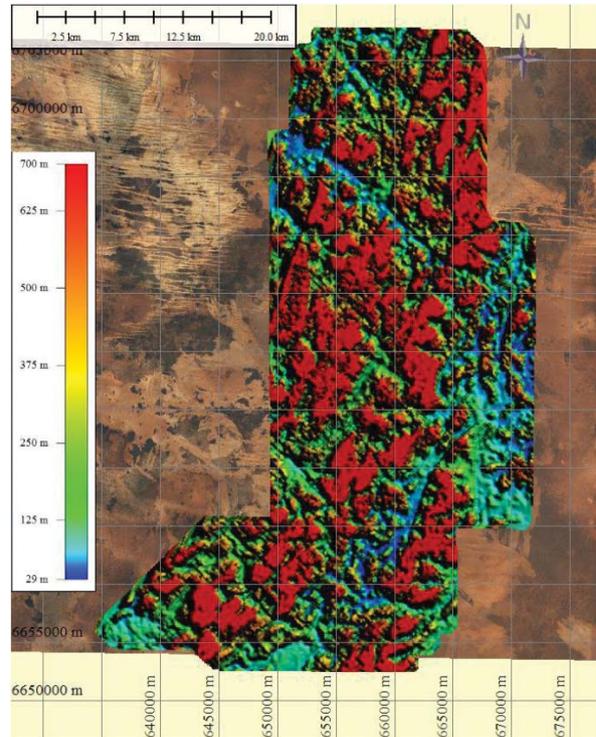


Figure 18: Estimated depth of investigation (recovered signal)

MMG has identified over 15 electro-magnetic (**EM**) targets and GAP Geophysics has commenced a ground SAMSON Fixed Loop EM (**FLEM**) survey in July of selected high priority targets to refine the orientation of bedrock conductor plates prior to drilling. The ground FLEM programme will cover at least 15 targets and is expected to be completed in late August.

MMG is planning to drill test any high priority conductors identified from the ground FLEM programme with reverse circulation drilling in late 2017. All holes will be cased for downhole EM (**DHEM**) surveying to be undertaken in a short campaign during the latter stages of drilling.



Directors' Report

PLUMRIDGE GOLD PROJECT

Fraser Range Province, Western Australia

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

During the Period, Segue completed a 3,147m aircore drilling programme consisting of 57 holes, testing an area of structural complexity along the southern extent of the HLSZ (Figure 19), which may form a trap for mineralisation. Historical exploration focused on a 12km semi-continuous zone of gold endowment at the northern end of the HLSZ. The southern extent of the HLSZ has undergone minimal exploration as the structure is overlain by the post-mineralisation Paterson Formation (up to 70m thick).

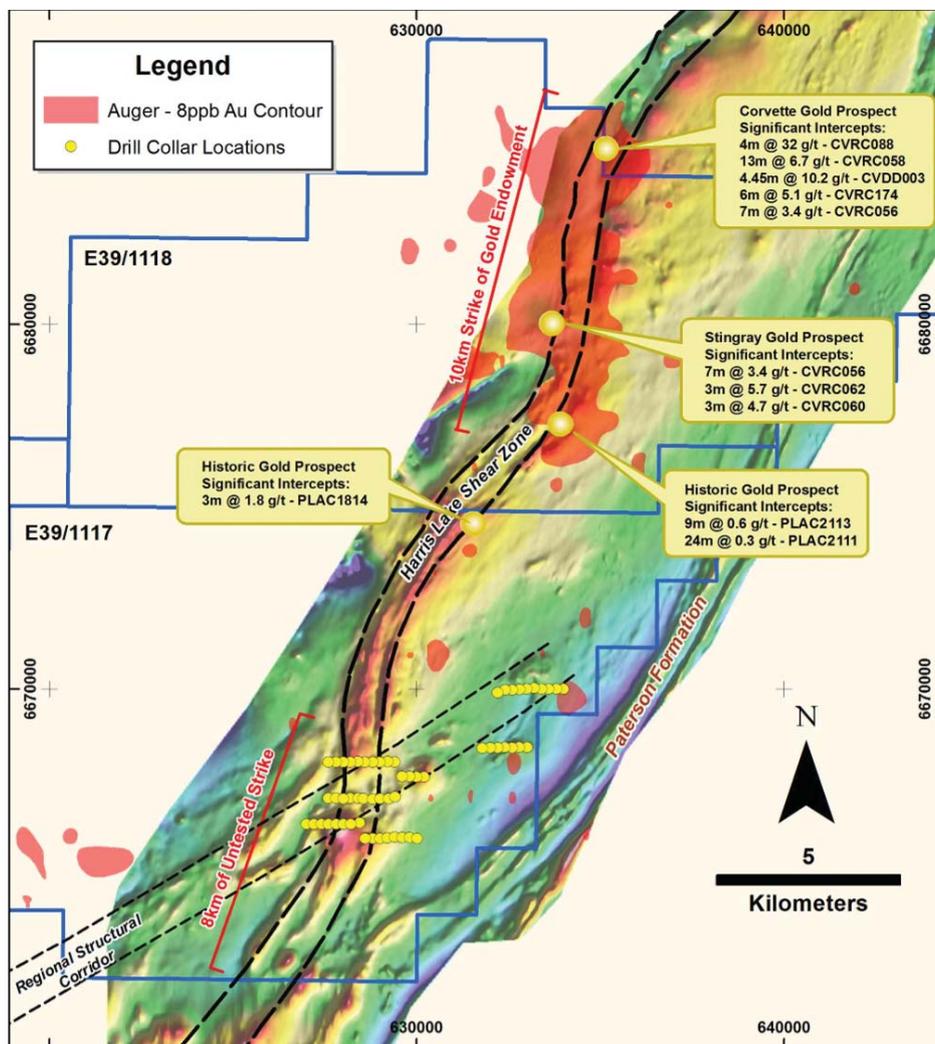


Figure 19: Plumridge Gold detailed drilling plan

Directors' Report

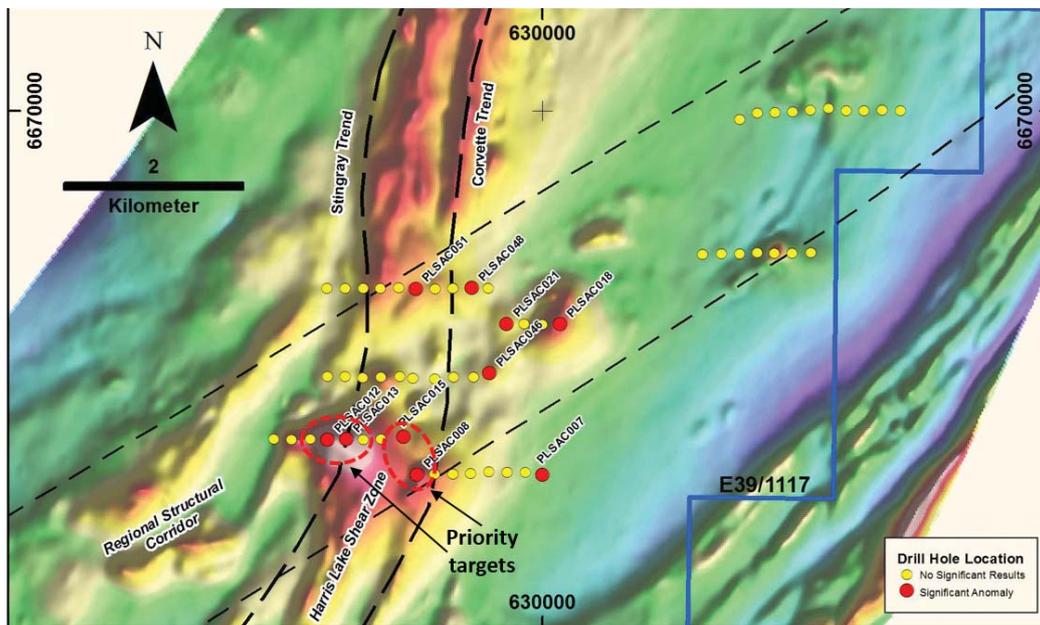


Figure 20: Aircore drill collar locations

In September 2016, Segue advised that ten drill holes returned anomalous gold assays (+10ppb Au) across adjacent holes and traverses. The best result, from hole PLSAC008, intersected 116ppb Au, which is in the 99th percentile of all gold intersected in over 90,000m of historical aircore drilling at the Plumridge Gold Project. Two discrete priority targets have been identified with anomalous gold in adjacent holes, coincident with the Corvette and Stingray Trends and magnetic anomalies (**Figure 20**).

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

PARDOO NICKEL PROJECT

Pilbara Region, Western Australia
(Segue 20%, Caeneus Minerals 80%)

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

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

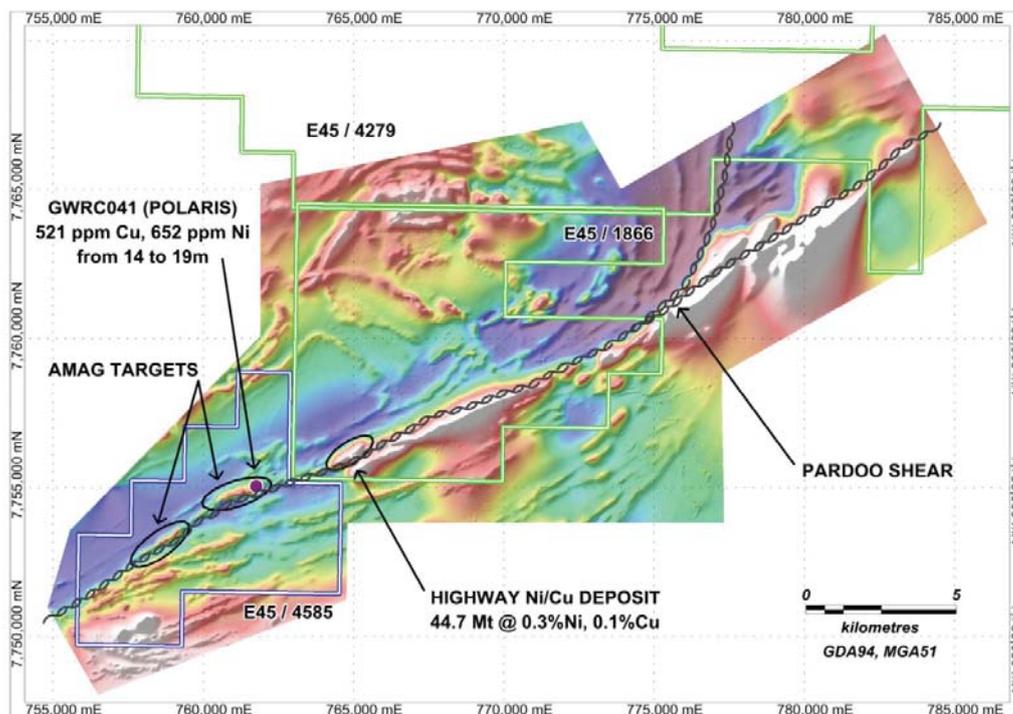


Figure 21: Aeromagnetic image highlighting the Pardoo Fault/Shear along with the two high priority targets

The survey has identified several complex linear magnetic anomalies adjacent to the Pardoo Fault at the interpreted base of the large mafic-ultramafic intrusion (**Figure 21**). These aeromagnetic targets are deemed high priority.

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

Subsequent to the Period on 28 September 2017 Caeneus announced it had spent approximately \$75,000 of Stage 2 expenditure on exploration. Caeneus and Segue have agreed, via the execution of a deed of variation, that Caeneus has satisfied the Stage 2 expenditure requirement of \$250,000 by issuing to Segue 58,333,333 shares in Caeneus at a deemed issue price of 0.3¢ per share.

Competent Persons Statement

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

Directors' Report

CORPORATE

Acquisition of Next Advancements Pty Ltd

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

Acuity Capital Placement

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

\$1.2 Million Placement to Accelerate Gold and Lithium Exploration

On 23 November 2016, Segue raised an additional \$1.2 million through a placement of 600 million (pre-consolidation) shares at an issue price of 0.2¢ per share plus 300 million (pre-consolidation) options (exercise price 0.5¢, expiry 30 June 2019) (Placement). The Placement was supported by existing and new shareholders.

Shareholder Meetings

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

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

Share Capital

On 28 April 2017 the Company undertook a 1 for 35 share consolidation which reduced its issued capital to 109,971,759 ordinary shares on issue. At 30 June 2017 the Company had 133,464,700 ordinary shares on issue. The Company also had the following options on issue:

Number of Options	Exercise Price	Expiry Date
6,801,868	\$0.35	31 Jul 2017
428,571	\$0.35	18 Feb 2018
714,285	\$0.126	3 Aug 2018
8,571,408	\$0.175	30 Jun 2019
16,516,132		

On 23 June 2017 the Company bought back and cancelled 3,999,998 (post-consolidation) ordinary shares for nil consideration pursuant to the Segue Employee Share Scheme.

Subsequent to the Period, Segue advised that 6,801,868 (post-consolidation) options exercisable at \$0.35 on or before 31 July 2017 had expired unexercised.



REVIEW AND RESULTS OF OPERATIONS

The principal activities of the Company and its subsidiaries "the Group" during the year were mineral exploration. The net loss for the year ended 30 June 2017 was \$887,642 (2016: (\$794,509)).

Summary of Financial Position

At 30 June 2017 the Group's cash reserves were \$731,716 (2016: \$685,984). The increase in cash was due to capital raisings during the year of \$2.6 million. Net assets of the Group as at 30 June 2017 were \$8,756,565 (2016: \$7,054,647).

Significant Changes in the State of Affairs

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

Significant Events after Balance Date

Subsequent to the Period, Segue advised that 6,801,868 options exercisable at \$0.35 on or before 31 July 2017 had expired unexercised.

On 31 July 2017 the Company advised that the Share Purchase Plan announced on 8 June 2017 had closed on 26 July 2017 (**SPP**). Segue issued 4,616,696 new shares following receipt of valid applications totalling \$138,500. The SPP provided registered shareholders as at 5pm WST on 7 June 2017 the opportunity to subscribe for up to \$15,000 worth of shares at an offer price of 3.0¢ per share without having to pay brokerage or other transaction costs.

On 8 September 2017 Segue advised it had raised \$1.035 million through a placement of 34,510,552 shares at an issue price of 3.0¢ per share (**Placement**). The Placement comprised the shortfall from the Segue Share Purchase Plan completed on 26 July 2017 of 28,374,831 shares and an additional placement of 6,135,721 shares.

The Company further advised it had received and accepted an offer to acquire 10,196,572 shares being the balance of unmarketable share sale facility shares (refer ASX announcement 8 June 2017) at a price of 3.4¢ per share pursuant to the Authorised Price in the Company's Constitution.

Subsequent to the Period on 28 September 2017 Caeneus announced it had spent approximately \$75,000 of Stage 2 expenditure on exploration. Caeneus and Segue have agreed, via the execution of a deed of variation, that Caeneus has satisfied the Stage 2 expenditure requirement of \$250,000 by issuing to Segue 58,333,333 shares in Caeneus at a deemed issue price of 0.3¢ per share.

Other than the above and as disclosed elsewhere within this report, there were no other subsequent events after the reporting date.

Environmental Regulation

The Company is subject to and compliant with all aspects of environmental regulation of its exploration activities. The Directors are not aware of any environmental law that is not being complied with.

Future Developments

- The Group will continue to explore its Barlee Gold, Malinda Lithium and Plumridge Nickel Projects in Western Australia.
- The Group will continue to review and evaluate its interest in the Pardoo Nickel and Plumridge Gold Projects in Western Australia; and
- The Group continues to review new project venture opportunities which are consistent with its strategy to become a diversified minerals explorer.

Directors' Report

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 Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group 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 Group including directors of the Company and other executives. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

The following were key management personnel of the Company at any time during the previous and current financial year and have been in office for the entire period unless indicated otherwise:

- Mr Steven Michael Managing Director
- Mr Nicholas Ong Non-Executive Director
- Dr Frazer Tabcart Non-Executive Director
- Mr Matthew Foy Company Secretary
- Mr Dean Tuck Exploration Manager

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.

A remuneration consultant has not been employed by the Company to provide recommendations in respect of remuneration, given the size of the Group and its current structure.

Cash bonuses equal to a maximum of 50% of salary may be paid, at the discretion of the Board, as part of the Short Term Incentive Plan.

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.



Directors' Report

Non-executive directors received a fixed fee for their services of \$24,000 per annum (excl. GST) for services performed.

There is no direct link between remuneration paid to any Non-executive directors and corporate performance. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Remuneration

Details of the remuneration of the Key Management Personnel of Segue are set out in the following table. Currently, directors are responsible for the management of the Company.

	Short term benefits Salary & fees	Cash Bonuses	Post employment benefits ¹	Termin- ation benefits	Share based payments Equity Shares	Total	Proportion of shares
30 June 2017	\$	\$	\$	\$	\$	\$	%
Directors							
S Michael	283,333	-	26,916	-	26,687	336,936	8%
F Tabcart ²	24,000	-	-	-	10,938	34,938	31%
N Ong ³	24,000	-	-	-	14,063	38,063	37%
Company Secretary							
M Foy	60,000	-	5,700	-	(7,147)	58,553	-
Exploration Mmanager							
D Tuck ⁴	84,583	-	8,035	-	12,214	104,832	8%
	475,916	-	40,651	-	56,755	573,322	10%
30 June 2016							
Directors							
S Michael	275,000	-	48,971	-	83,431	407,402	20%
F Tabcart ²	24,000	-	-	-	26,495	50,495	52%
N Ong ³	24,000	-	-	-	20,787	44,787	46%
Company Secretary							
M Foy	60,000	-	5,700	-	20,787	86,487	24%
	383,000	-	54,671	-	151,500	589,171	26%

1. Includes Superannuation and provision for long service leave accrual.

2. Dr Frazer Tabcart's Director fees were paid directly to his related party, Geogen Consulting Pty Ltd.

3. Director fees for Mr Nicholas Ong were paid to Minerva Corporate Pty Ltd, a related entity.

4. Mr Tuck commenced on 18 November 2016.

Share Based Remuneration

Options

No options were granted to directors during the financial year and there were no outstanding options over ordinary shares held by directors at 30 June 2017.

Shares

On 17 April 2014, shareholder approval was received for the adoption of an employee incentive scheme, known as the Employee Share Plan (**ESP**).

The objective of the ESP is to attract directors with suitable qualifications, skills and experience to plan, carry out and evaluate the Company' Strategy and to motivate and retain those directors.

Directors' Report

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares. The term of each loan will be 3 years from the date of issue of the Shares, subject to earlier repayment in accordance with the terms of the Plan (e.g. ceasing to be an employee of the Company or an event of insolvency).

The Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

See Note 17 Share based payments for further details.

ESP Terms and Conditions

Participants in the ESP may be directors of the Company or any of its subsidiaries or any other related body corporate of the Company.

Issue price: The issue price of each Share will be a 1% discount to the volume weighted average of the Company's Shares over the 5 days of trading on the ASX immediately prior to the issue of the Plan Shares, or such other price as the Board determines.

Restriction Conditions: Shares may be subject to restriction conditions relating to milestones (such as a period of employment) or escrow restrictions that must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

Extension of Escrow Condition: If an Eligible Participant ceases to be an Eligible Participant as a result of an occurrence other than certain bad leaver occurrences prior to the satisfaction of all Restriction Conditions, the escrow restriction applied under the Escrow Condition in relation to the Plan Shares held by the Participant will be extended by 6 months.

Where a Milestone Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company may, unless the Milestone Condition is waived by the Board, either:

- (i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted;
- (ii) cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted; or
- (iii) in the event that such a buy-back or cancellation of Shares cannot occur, require the Participant to sell the Shares as soon as reasonably practicable either on the ASX and give the Company the sale proceeds (**Sale Proceeds**), which the Company will apply in the following priority:
 - (A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;



Directors' Report

(B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and

(C) lastly, any remainder to the Company to cover its costs of managing the Plan.

Restriction on transfer: Other than as specified in the Plan, Participants may not sell or otherwise deal with a Share until the Loan Amount in respect of that Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.

For details of ESP shares issued in the previous financial year refer to the remuneration report of the 2016 Annual Report.

On 18 October 2016 shareholder approval was received for Dr Frazer Tabear and Messrs Steven Michael and Nicholas Ong to subscribe for additional shares under the Plan.

A full summary of the ESP was set out in the Notice of General Meeting dated 18 October 2016.

At the general meeting of the Company, held on 29 July 2015, shareholders approved the provision of a limited-recourse, interest free loan to each of Messrs Michael, Tabear and Ong, for the purpose of subscribing for shares in the Company (Plan Shares). The Plan Shares are subject to a holding lock until the relevant milestones set out below have been met:

Milestones

1. Identification of three (3) mafic/ultramafic intrusions with a geochemical signature fertile for nickel-copper sulphides.
2. Drill intersection of a fresh mafic intrusion hosting nickel-copper sulphides of at least 2m @ 1.5% Ni eq.
3. Multiple drill holes (>3) hosting nickel-copper sulphides indicating the potential for economic grades and tonnages.
4. Completion of capital raising/s or farm-in joint ventures totalling \$4 million by no later than 31 December 2016.
5. Completion of a sale or farm-out of non-core exploration assets totalling at least \$1 million by 31 December 2016.

On 18 October 2016 shareholder approval was received to vary the Original Milestones as follows:

Replacement Milestones

1. Identification of a MLEM conductor or mafic/ultramafic intrusion considered fertile for nickel-copper sulphides.
2. MMG completes the Stage 1 sole funding expenditure condition of \$1.5 million by 31 December 2016.
3. MMG meets the Stage 1 minimum exploration condition for 2017 by spending \$6.5 million before 31 December 2019, including \$1.5 million to be spent before 31 December 2016.

The maximum number of shares to be issued to each of Messrs Michael, Tabear and Ong is as follows:

Director:	Steven Michael	Frazer Tabear	Nicholas Ong
Maximum number of shares to be issued (after 1 for 35 consolidation)	1,428,571	857,143	828,571

Directors' Report

Share holding:

The number of ordinary shares in the Company held during the financial period by each Director of Segue Resources Limited and any other key management personnel of the Company, including their personally related parties, are set out below:

2017	Opening balance <i>Nos.</i>	Granted as remuneration <i>Nos.</i>	Options exercised <i>Nos.</i>	Net other change* <i>Nos.</i>	Closing balance <i>Nos.</i>
Directors					
Mr Steven Michael	119,050,000	50,000,000	-	(166,534,287)	2,515,713
Dr Frazer Tabcart	25,000,000	30,000,000	-	(53,500,000)	1,500,000
Mr Nicholas Ong	22,750,000	30,000,000	-	(51,557,143)	1,192,857
Company secretary					
Mr Matthew Foy	20,000,000	20,000,000	-	(38,882,299)	1,117,701
Exploration manager					
Mr Dean Tuck	-	25,000,000	-	(23,589,893)	1,410,107
	186,800,000	155,000,000	-	(334,063,622)	7,736,378

*Changes due to a 1 for 35 share consolidation and the cancellation of shares pursuant to the Employee Share Plan.

2016	Opening balance <i>Nos.</i>	Granted as remuneration <i>Nos.</i>	Options exercised <i>Nos.</i>	Net other change <i>Nos.</i>	Closing balance <i>Nos.</i>
Directors					
Mr Steven Michael	89,050,000	30,000,000	-	-	119,050,000
Dr Frazer Tabcart	-	25,000,000	-	-	25,000,000
Mr Nicholas Ong	10,250,000	12,500,000	-	-	22,750,000
Company secretary					
Mr Matthew Foy	8,750,000	12,500,000	-	(1,250,000)	20,000,000
	108,050,000	80,000,000	-	(1,250,000)	186,800,000

Service Agreements

As at the date of this report, the Company had service agreements with the following executives:

Steven Michael – Managing Director and Chief Executive Officer

Commenced on 5 June 2014 with no set term. If the Company wishes to terminate the contract, other than if Mr Michael commits any act of serious misconduct, the Company is obliged to give 3 months' written notice or pay out 3 months of Annual Salary and pay a termination payment equivalent of 3 months' annual salary. If Mr Michael wishes to terminate the contract he must provide 3 months' notice.

Dean Tuck – Exploration Manager

Commenced on 18 November 2016 with no set term. If the Company wishes to terminate the contract, other than if Mr Tuck commits any act of serious misconduct, the Company is obliged to give 3 months' written notice or pay out 3 months of Annual Salary. If Mr Tuck wishes to terminate the contract he must provide 3 months' notice.



Directors' Report

Other Financial Information

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2017:

	30 June 2017 \$	30 June 2016 \$	30 June 2015 \$	30 June 2014 \$	30 June 2013 \$
Revenue	10,999	10,250	9,040	14,330	5,842
Net loss before tax	887,642	794,509	2,438,493	1,456,132	5,772,168
Net loss after tax	887,642	794,509	2,438,493	1,456,132	5,772,168
Share price at start of year (cents)	0.3	0.2	1.0	0.2	1.0
Share price at end of year (cents)	2.6	0.3	0.2	1.0	0.2
Basic loss per share (cents)	0.867	0.03	0.12	0.19	0.52
Diluted loss per share (cents)	0.867	0.03	0.12	0.20	0.52

Note that on 13 April 2017 there was a 1 for 35 share consolidation.

Adoption of Remuneration Report by Shareholders

The adoption of the Remuneration Report for the financial year ended 30 June 2016 was put to the shareholders of the Company at the Annual General Meeting held 22 November 2016. The resolution was passed without amendment on a show of hands (99.97% of proxies voted in favour). The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

Directors' Interests in the Shares and Options of the Company

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

	Ordinary shares Nos.
Mr Steven Michael	3,015,713
Dr Frazer Tabcart	1,500,000
Mr Nicholas Ong	1,192,857

Shares under Options

As at 30 June 2017 there were no options to take up ordinary shares in the Company held by Directors (2016: Nil).

No options were exercised during the 2017 financial year and no shares have been issued from the exercise of options since year-end to the date of this report. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. The names of all holders of options are entered into the Company's register, inspection of which may be made free of charge.

Directors' Report

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:

	Directors' meetings eligible to attend	Directors' meetings attended	Remuneration Committee meetings eligible to attend	Remuneration Committee meetings attended	Audit & Risk Committee meetings eligible to attend	Audit & Risk Committee meetings attended
2017						
Directors						
Steven Michael	4	4	-	-	-	-
Nicholas Ong	4	4	1	1	1	1
Frazer Tabcart	4	4	1	1	1	1

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 (Pitcher Partners Corporate & Audit (WA) Pty Ltd) or its associates for the audit and non-audit services provided during the year are set out in Note 2 to this report.

The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors which is included on page 30.

Signed in accordance with a resolution of the directors



Steven Michael
Managing Director

Perth, 29 September 2017



Corporate Governance Statement

The Board of Directors of Segue Resources Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Segue Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Segue Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2017 and were compliant with the ASX Governing Council's best practice recommendations, unless otherwise stated.

Information on Corporate Governance is available on the Company's website at:
<http://www.seguesresources.com/index.php?id=160>

**SEGUE RESOURCES LTD
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SEGUE RESOURCES LTD**

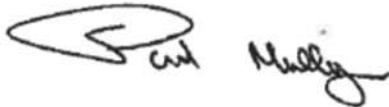
In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 29 September 2017



Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Continuing Operations			
Finance income		10,999	10,250
Other income		-	1,000
Profit on sale of shares		124,803	15,000
Employee benefits expenses		(495,128)	(501,050)
Occupancy costs		(33,900)	(39,214)
Impairment of exploration and evaluation assets		-	10,600
Exploration expenditure		-	(47,715)
Option expense		-	(91,257)
Depreciation		(6,956)	(8,934)
Share based payment expenses		(56,756)	(151,500)
Administration and other expenses		(518,825)	(366,428)
Loss before tax from continuing operations	2	(975,763)	(1,169,428)
Income tax benefit	3	88,121	374,739
Loss after tax from continuing operations		(887,642)	(794,509)
Other comprehensive income / (loss)			
Items that may be classified subsequently to profit or loss			
Movement in foreign currency translation reserve		-	(689)
Other comprehensive loss for the year		-	(689)
Total comprehensive loss for the year attributable to members of the company			
		(887,642)	(795,198)
Basic and diluted loss per share:			
	12	<i>Cents</i>	<i>Cents</i>
- From continuing operations		(0.867)	(1.04)
- From total operations		(0.867)	(1.04)

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

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	731,716	685,984
Trade and other receivables	5	54,606	13,559
Prepayments		5,913	5,066
Total current assets		792,235	704,609
Non-current assets			
Exploration and evaluation assets	6	8,283,225	6,487,391
Property, plant and equipment	7	122,029	2,047
Total non-current assets		8,405,254	6,489,437
TOTAL ASSETS		9,197,489	7,194,046
LIABILITIES			
Current liabilities			
Trade and other payables	8	235,232	70,098
Leave provisions		62,122	46,455
Interest bearing liabilities	9	15,426	-
Total current liabilities		312,780	116,553
Non-current liabilities			
Leave provisions		27,436	22,846
Interest bearing liabilities	9	100,708	-
Total non-current liabilities		128,144	22,846
TOTAL LIABILITIES		440,924	139,399
NET ASSETS		8,756,565	7,054,647
EQUITY			
Issued capital	10	30,404,876	27,872,072
Reserves	11	953,954	897,198
Accumulated losses		(22,602,265)	(21,714,623)
TOTAL EQUITY		8,756,565	7,054,647

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



Consolidated Statement of Changes in Equity

As at 30 June 2017

	Issued capital	Share based payment reserve	Foreign currency translation reserve	Investment reserve	Option reserve	Accum- ulated losses	Total Equity
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2015	26,384,654	1,130,872	(476,970)	(150)	-	(20,920,114)	6,118,292
Loss for the year 2016	-	-	-	-	-	(794,509)	(794,509)
Other comprehensive loss	-	-	689	-	-	-	689
Total comprehensive loss	-	-	689	-	-	(794,509)	(793,820)
Issue of Shares (net of costs)	1,487,418						1,487,418
Issue of Options (net of costs)					91,257		91,257
Share based payments		151,500					151,500
Total transaction with equity holders	1,487,418	151,500	-	-	91,257		1,730,175
At 30 June 2016	27,872,072	1,282,372	(476,281)	(150)	91,257	(21,714,623)	7,054,647
At 1 July 2016	27,872,072	1,282,372	(476,281)	(150)	91,257	(21,714,623)	7,054,647
Loss for the year 2017						(887,642)	(887,642)
Other comprehensive loss							
Total comprehensive loss						(887,642)	(887,642)
Issue of Shares (net of costs)	2,532,804						2,532,804
Issue of Options (net of costs)							
Share based payments		56,756					56,756
Total transaction with equity holders	2,532,804	56,756					2,589,560
At 30 June 2017	30,404,876	1,339,128	(476,281)	(150)	91,257	(22,602,265)	8,756,565

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		(1,024,735)	(800,324)
Interest income received		10,999	10,250
Other income		-	1,000
Interest paid		(1,490)	-
Other payments		(33,900)	(39,214)
Income tax refund		88,121	374,738
Net cash used in operating activities	4	(961,005)	(453,550)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of shares		124,803	15,000
Payment for exploration and evaluation activities		(1,526,884)	(812,464)
Payment for property, plant & equipment		(19,552)	-
Net cash used in investing activities		(1,421,633)	(797,464)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,432,804	1,438,918
Repayment of lease liabilities		(4,434)	-
Net cash from financing activities		2,428,370	1,434,918
Net increase / (decrease) in cash and cash equivalents		45,732	183,904
Cash and cash equivalents at the beginning of the year		685,984	502,080
Cash and cash equivalents at the end of the year	4	731,716	685,984

The above statement should be read in conjunction with the accompanying notes.



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION

Segue Resources Limited (the "Company") is a limited company incorporated in Australia. The consolidated financial report of the Company for the year ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Group").

The financial report was authorised for issue by the directors on 29 September 2017.

The nature of the operation and principal activities of the Group are described in the attached Directors' Report.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and by all entities in the consolidated entity.

A. Statement of Accounting Policies

These are for-profit general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historical costs except where stated otherwise in the notes. Cost is based on the fair values of the consideration given in exchange for assets.

Going Concern

The financial report has been prepared on a going concern basis.

The statement of Comprehensive Income shows that the Group incurred a net loss of \$887,642 during the year ended 30 June 2017 (2016: Loss of \$794,509). The Statement of Financial Position shows that the Group had cash and cash equivalents of \$731,716 (2016: \$685,984).

The ability of the Group to continue as a going concern is dependent on it being able to successfully raise further debt or capital funding. The Directors are confident that the Group will be able to continue as a going concern and meet its current liabilities as and when they fall due.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unable to raise further debt or capital with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

B. Functional and Presentation of Currency

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

Translation of foreign operations:

As at the reporting date the assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows and statement of changes in equity are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income and accumulated balances are carried forward as a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION (continued)

C. Use of Estimates and Judgements

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(K). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Share based payments (refer Note 17)

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Binomial model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

(iii) Benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

D. Basis of Consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of Segue "the parent entity" and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION (continued)

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

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. Subsidiaries are eliminated from the date on which control is established and are de-recognised from the date that control ceases.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

E. Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest income is recognised as it accrues using the effective interest method.

F. Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

G. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

H. 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.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION (continued)

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 Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the profit or loss.

I. Investments and Other Financial Assets

The consolidated entity determines the classification of its financial instruments at initial recognition and carries its financial instruments at fair value. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the entity commits itself to either the purchase or sale of the asset.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost using the effective rate method. Changes in fair value are either taken to the profit or loss or to an equity reserve.

Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists the cumulative loss is removed from equity and recognised in the profit or loss.

J. 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.

Subsequent Costs

The Group recognises in the carrying amount of an item of Property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Depreciation

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

Plant and equipment	straight-line	over 3 to 10 years
Motor vehicles	straight-line	over 4 years

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

De-recognition

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

K. 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 Group has obtained the legal rights to explore an area are recognised in the profit or loss.

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



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION (continued)

1. the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
2. activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

L. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

M. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group 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.

N. Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

O. 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.

P. 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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION (continued)

- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Statement of financial position. The amount of GST payable to the taxation authority is included as part of the payables in the Statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Q. Share Based Payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares are measured by reference to the quoted market price. Fair value of options are measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

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.

R. Comparatives

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

S. New standards and Interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no impact on the Group's Financial Statements:

New Standards and Interpretations Not Yet Adopted

Pronouncement	Nature of Change	Effective Date
AASB 9 Financial Instruments	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2018



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION (continued)

New Standards and Interpretations Not Yet Adopted (continued)

Pronouncement	Nature of Change	Effective Date
AASB 15 Revenue from Contracts with Customers	<p>AASB 15:</p> <ul style="list-style-type: none"> - replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue 	1 January 2018

The above new standards and interpretations are not expected to have a material impact on the Group's financial statements.

2 REVENUE AND EXPENSES

	2017	2016
	\$	\$
<i>Loss from continuing operations includes:</i>		
Depreciation expense	6,956	8,934
<i>Employee benefits expense includes:</i>		
Employee benefits, including directors fees	440,203	464,979
Superannuation expenses	54,925	36,071
Share based payments	56,756	151,500
	551,884	652,550
<i>Auditors' remuneration - for audit or review of financial report</i>		
Pitcher Partners Corporate & Audit (WA) Pty Ltd, Australia	27,000	25,000
	27,000	25,000
<i>Auditors' remuneration - for other services</i>		
Pitcher Partners (WA) Pty Ltd - Taxation	6,966	18,210

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

3 INCOME TAX	2017	2016
	\$	\$
(a) The major components of income tax expense / (benefit) comprise of:		
Current tax benefit	-	-
Deferred tax benefit	-	-
Under / (over) provision in prior years	(88,121)	(374,739)
	(88,121)	(374,739)

(b) Reconciliation of prima facie tax on continuing operations to income tax benefit:

Profit / (loss) before tax for the year	(975,763)	(1,169,428)
Tax benefit @ 27.5% tax rate (Australia) (2016: 30%)	(268,335)	(350,828)
<i>Adjustments for:</i>		
Entertainment	426	315
Capital gain on tenement sale	-	(4,500)
Share based payments	15,608	72,827
Under / (over) provision in prior years	(88,121)	(374,685)
Edurus write off	-	3,180
Non-deductible expenses	-	278,952
Unrecognised DTA on tax losses	252,301	-
Income tax expense / (benefit) attributable to profit	(88,121)	(374,739)

(c) Components of deferred taxes

Deferred tax asset:

Tax losses	8,436,765	7,736,162
Provisions & Accruals	32,191	29,040
Capital & Borrowing costs	45,468	47,363
Offset against deferred tax liability / not recognised	(8,514,424)	(7,812,565)

Deferred tax liability:

Prepayments	(98)	-
Investments	(1,962,718)	(1,527,293)
Offset against deferred tax assets / not recognised	1,962,816	1,527,293
Net deferred tax asset / (liability)	-	-



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

3 INCOME TAX (continued)	2017	2016
	\$	\$
(d) Deferred tax assets / liabilities not brought to account		
Temporary differences	(1,884,134)	(1,450,939)
Operating tax losses	7,727,229	7,729,801
Capital losses	174,424	619,269
	6,017,519	6,898,131

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the Group in utilising the benefits.

(e) Tax consolidation

For the purposes of income tax legislation, the Company and its 100% controlled Australian entity have elected to form a tax consolidated group.

4 CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	711,338	670,984
Deposits at call	20,378	15,000
	731,716	685,984

Reconciliation of loss for the year to operating cash flows

Loss for the year	(887,642)	(794,509)
Adjustments for non-cash items:		
Impairment of assets	-	(10,600)
Share based payment expenses	56,756	151,500
Option expense	-	91,257
Depreciation expense	6,956	8,934
Loss on disposal of non-current assets	-	-
Net foreign exchange movements	-	689
Movement in working capital items:		
(Increase) / decrease in trade and other receivables	(29,355)	14,910
(Increase) / decrease in prepayments	(848)	1,423
Increase / (decrease) in trade and other payables	17,931	82,846
Net cash used in operating activities	(961,005)	(453,550)

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

5 TRADE AND OTHER RECEIVABLES	2017	2016
	\$	\$
Bond	2,825	2,825
GST receivable	51,781	10,734
	54,606	13,559

6 EXPLORATION AND EVALUATION ASSETS

Balance at the beginning of the year	6,487,391	5,774,691
Expenditure incurred during the year	1,695,834	712,700
Fair Value of tenements on acquisition	100,000	-
Impairment recognised during the year	-	-
Balance at the end of the year	8,283,225	6,487,391

The asset balance comprise of:

Plumridge Nickel and Gold Projects	4,877,700	4,877,508
Deralinya Project	409,572	363,405
Malinda Lithium Project	732,028	250,282
Barlee Gold Project	2,135,963	868,465
Pardoo Nickel Project	127,962	127,731
	8,283,225	6,487,391

At the date of acquisition, the directors assess the fair value of Next Advancements Pty Ltd (included within the Gascoyne project) at \$150,000. The value of the equity issued as part of the acquisition totalling \$125,000 was valued based on the Company's 20-day VWAP of \$0.001 per share.

The acquisition of Next Advancements Pty Ltd has been accounted for as an asset acquisition and recognised at fair value at acquisition.

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



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

7 PROPERTY, PLANT AND EQUIPMENT	2017	2016
	\$	\$
Motor vehicle		
- At cost	126,940	-
- Accumulated depreciation	(5,341)	-
Total motor vehicle	121,599	-
Office equipment		
- At cost	4,897	4,897
- Accumulated depreciation	(4,467)	(2,850)
Total office equipment	430	2,047
Office Improvements		
- At cost	31,251	31,251
- Accumulated depreciation	(31,251)	(31,251)
Total computer equipment	-	-
Field equipment		
- At cost	12,829	12,829
- Accumulated depreciation	(12,829)	(12,829)
Total field equipment	-	-
Total property, plant and equipment	122,029	2,047

Chattel mortgages

The carrying value of plant and machinery held under chattel mortgages at 30 June 2017 was \$121,599 (2016: Nil).

8 TRADE AND OTHER PAYABLES	2017	2016
	\$	\$
Trade creditors and accruals	235,232	70,098
	235,232	70,098

Trade creditors are generally settled on 30 to 90 day terms

9 INTEREST BEARING LIABILITIES			2017	2016
	Interest rate	Maturity	\$	\$
Current				
Obligations under chattel mortgage (Note 15)	8%	2021	15,426	-
			15,426	-
Non-Current				
Obligations under chattel mortgage (Note 15)	8%	2021	100,708	-
			100,708	-

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

10 ISSUED CAPITAL	2017	2016
	\$	\$
Ordinary shares full paid	133,464,700	30,404,876

(a) Movement in ordinary share capital

	Nos.	\$
Balance at 1 July 2016	2,899,070,242	27,872,072
15 August 2016 – Acquisition of Next Advancements Pty Ltd	100,000,000	100,000
5 September 2016 – Acuity Placement	112,000,000	500,000
19 October 2016 – Employee Share Plan	130,000,000	-
17 November 2016 – Placement	500,000,000	1,000,000
22 November 2016 – Placement	100,000,000	200,000
22 November 2016 – Employee Share Plan	25,000,000	-
13 April 2017 – Buyback of ESP Shares	(17,000,000)	-
13 April 2017 – 1 for 35 consolidation	(3,739,098,483)	-
16 June 2017 – Placement	27,492,939	824,923
23 June 2017 – Share Buy back	(3,999,998)	-
Costs of issue		(92,119)
Balance at 30 June 2017	133,464,700	30,404,876

Terms and conditions of ordinary shares

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

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

(b) Unexpired share options

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

Expiry date	Nos.	Exercise price
		\$
31/07/2017	6,801,868	0.35
18/02/2018	428,571	0.35
03/08/2018	714,285	0.126
30/06/2019	8,571,408	0.175
	16,516,132	

These options are unlisted.



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

11 RESERVES	2017	2016
	\$	\$
Option reserve - (i)	1,430,235	1,373,629
Foreign currency translation reserve - (ii)	(476,281)	(476,281)
Investment reserve - (iii)	-	(150)
	953,954	897,198

- (i) The option reserve relates to shares & options granted by the Company to its employees and suppliers. The 2017 movement relates to the ESP share based payments expensed during the year.
- (ii) Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.
- (iii) The investment reserve represents fair value gains / (losses) on available for sale investments recognised in equity.

12 LOSS PER SHARE

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

	Unit	2017	2016
Weighted average number of shares (post 1 for 35 consolidation)	Nos.	102,357,901	75,748,840
Loss from continuing operations	\$	(887,642)	(794,509)
Loss from total operations	\$	(887,642)	(794,509)

Basic and diluted loss per share:

- From continuing operations	Cents	(0.87)	(1.04)
- From total operations	Cents	(0.87)	(1.04)

Anti-dilutive equity instruments not considered in diluted loss per share	Nos.	16,516,132	7,944,897
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The Company's options over ordinary shares could potentially dilute basic earnings per share in the future, however they have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for both of the years presented.

Note that on 13 April 2017 there was a 1 for 35 consolidation.

13 CONTINGENT ASSETS AND LIABILITIES

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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

14 SUBSEQUENT EVENTS

Subsequent to the Period, Segue advised that 6,801,868 options exercisable at \$0.35 on or before 31 July 2017 had expired unexercised.

On 31 July 2017 the Company advised that the Share Purchase Plan announced on 8 June 2017 had closed on 26 July 2017 (SPP). Segue issued 4,616,696 new shares following receipt of valid applications totalling \$138,500. The SPP provided registered shareholders as at 5pm WST on 7 June 2017 the opportunity to subscribe for up to \$15,000 worth of shares at an offer price of 3.0¢ per share without having to pay brokerage or other transaction costs.

On 8 September 2017 Segue advised it had raised \$1.035 million through a placement of 34,510,552 shares at an issue price of 3.0¢ per share (Placement). The Placement comprised the shortfall from the Segue Share Purchase Plan completed on 26 July 2017 of 28,374,831 shares and an additional placement of 6,135,721 shares.

The Company further advised it had received and accepted an offer to acquire 10,196,572 shares being the balance of unmarketable share sale facility shares (refer ASX announcement 8 June 2017) at a price of 3.4¢ per share pursuant to the Authorised Price in the Company's Constitution.

Subsequent to the Period on 28 September 2017 Caeneus announced it had spent approximately \$75,000 of Stage 2 expenditure on exploration. Caeneus and Segue have agreed, via the execution of a deed of variation, that Caeneus has satisfied the Stage 2 expenditure requirement of \$250,000 by issuing to Segue 58,333,333 shares in Caeneus at a deemed issue price of 0.3¢ per share.

Other than the above, there were no other subsequent events after the reporting date.

15 COMMITMENTS

Exploration & evaluation commitments

The Group has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the Group will be required to outlay \$1,262,000 in 2017/18. (\$1,314,500 in 2016/17). Exploration commitments include requirements under joint ventures for tenements held by other entities.

Leasing commitments

The Company's lease for office accommodation expired at the end of August 2016 and the Company has entered into a new 2 year lease at an annual cost of \$25,200.

The expenditure commitment for the Group for later than 2 years but not later than 5 years is uncertain as the tenements require re-application prior to this date of which the outcome is not certain.

	2017	2016
	\$	\$
Up to 1 year	1,291,580	2,022,500
Between 1 and 5 years	2,926,000	-
Later than 5 years	-	-
	4,217,580	2,022,500

Chattel Mortgages

The Group has finance leases and hire purchase contracts for various items of plant and machinery. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

15 COMMITMENTS (continued)

	2017		2016	
	\$ Minimum payments	\$ Present value of payments	\$ Minimum payments	\$ Present value of payments
Up to 1 year	23,701	15,426	-	-
Between 1 and 5 years	116,928	100,708	-	-
Later than 5 years	-	-	-	-
Total minimum lease payments	140,629	116,134	-	-
Less amounts representing finance charges	(24,495)	-	-	-
Present value of minimum lease payments	116,134	116,134	-	-

16 RELATED PARTY & KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Parent and subsidiaries

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

The components of the Group are:

	Inc.	Extent of control	
		2017	2016
Parent			
Segue Resources Limited	Australia	-	-
Controlled entities			
Segue (Pardoo) Limited	Australia	100%	100%
Edurus Resources SA	South Africa	100%	100%
Segue (Deralinya) Pty Ltd	Australia	100%	100%
Segue (Salt Creek) Pty Ltd	Australia	100%	100%
Segue (Plumridge) Pty Ltd	Australia	100%	100%
Segue (Gascoyne) Pty Ltd	Australia	100%	100%
Next Advancements Pty Ltd	Australia	100%	-

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

16 RELATED PARTY & KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Key management personnel disclosures

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

	2017	2016
	\$	\$
Short-term employee benefits	475,916	383,000
Bonuses	-	-
Post employment benefits	40,651	54,671
Termination benefits	-	-
Equity compensation benefits	56,755	151,500
	573,322	589,171

Further information regarding key management personnel has been provided in the Remuneration Report.

(c) Transaction with key management personnel

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 2 April 2014 for the provision of Directorial and Company Secretarial services. Messrs Ong & Foy are related parties of Minerva Corporate Pty Ltd and Segue Resources Ltd.

This service agreement was amended in August 2014 to exclude Company Secretarial services.

During the year an amount of \$26,400 (2016: \$26,400) inclusive of GST was paid or payable in relation to these services. There is an amount of \$2,200 included in trade creditors on account of these services (2016: \$2,200).

All of the Director fees for Mr Ong were remitted to Minerva Corporate Pty Ltd during the current and prior year.

Mr Foy continues to provide Company Secretarial services as an employee of Segue.

Mr Tabcart's remuneration for the year was paid directly to his related party, Geogen Consulting Pty Ltd.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

17 SHARE BASED PAYMENTS

Share based payments are provided to directors, consultants and other advisors.

The issue to each individual director, consultant or advisor is controlled by the Board and the ASX Listing Rules. Terms and conditions of the payments, including the grant date, vesting date, exercise price and expiry date are determined by the Board, subject to shareholder approval where required.

The following share-based payments were made during the financial year.

Beneficiary	Expense	Shares	Options	Value
		<i>Nos.</i>	<i>Nos.</i>	<i>\$</i>
2017				
Various vendors	Acquisition of Next			
	Advancements Pty Ltd	100,000,000	-	\$100,000
		100,000,000	-	\$100,000



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

17 SHARE BASED PAYMENTS (continued)

Beneficiary	Expense	Shares	Options	Value
		Nos.	Nos.	\$
2016				
Omni Gen X Pty Ltd	Consulting services	-	25,000,000	\$91,257
	Acquisition of 100% option over			
Next Advancements Pty Ltd	Gascoyne Lithium tenements	25,000,000	-	\$25,000
Stocks Digital	Shares in lieu of marketing fees	10,000,000	-	\$10,000
Milford Resources Pty Ltd	Shares in lieu of technical fees	17,500,000	-	\$17,500
		52,500,000	25,000,000	\$143,757

Valuation

Shares issued to Next Advancements Pty Ltd have been measured at fair value of the equity instruments granted at measurement date.

Shareholder approval was received on 29 July 2015 for the issue of 80 million shares to directors and KMP.

Shareholder approval was also received on 18 October 2016 for the issue of 110 million shares to directors.

The issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares

The Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

The shares have been valued applying a Binomial model.

	2017	2016
Number of shares	110,000,000	80,000,000
Grant date	18 October 2016	29 July 2015
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	223%	193%
Risk-free interest rate (%)	1.69%	1.95%
Vesting date	Various	Various
Expected life (years)	2.25	3.0
Share price (\$)	0.003	0.04
Share price at grant date (\$)	0.003	0.04
Valuation of shares	0.002	
Valuation of shares – Milestones 1-3 (¢)	0.36 (44m)	
Valuation of shares – Milestones 4 & 5 (¢)	0.30 (36m)	

Refer to the Remuneration Report for full details of vesting periods and restrictive conditions to be achieved.

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

18 OPERATING SEGMENTS

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the year ended 30 June 2017.

19 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and cash and cash equivalents.

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2017	2016
	\$	\$
Cash and cash equivalents	731,716	685,984
Trade and other receivables	2,825	2,825
	734,541	688,809

Financial assets are neither past due nor impaired

(b) Liquidity risk

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

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

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations.

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



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

19 FINANCIAL RISK MANAGEMENT

The maturity profile of Group's financial assets and liabilities are:

2017	Carrying amount	Up to 6 months
	\$	\$
Cash and cash equivalents	731,716	731,716
Trade and other receivables	2,825	2,825
Trade and other payables	(207,732)	(207,732)
	526,809	526,809

2016	Carrying amount	Up to 6 months
	\$	\$
Cash and cash equivalents	685,984	685,984
Trade and other receivables	2,825	2,825
Trade, other payables & provisions	(57,546)	(57,546)
	631,263	631,263

The maturity profile disclosed are the contractual undiscounted cash flows.

(c) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency risk:

The Group is exposed to foreign exchange risk through its operations in South Africa. However, the financial instruments are held by the parent entity in Australia. Hence the foreign currency risk exposure at the reporting date is minimal.

Interest rate risk

The Group holds the majority of its cash and cash equivalents within a current account attracting an interest rate of 2.00% pa.

The Group's sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below.

30 June 2017		Interest rate risk			
		+100 bps		-100 bps	
	Carrying amount	Profit	Equity	Profit	Equity
Cash and cash equivalents	731,716	109	(109)	109	(109)

30 June 2016		Interest rate risk			
		+100 bps		-100 bps	
	Carrying amount	Profit	Equity	Profit	Equity
Cash and cash equivalents	685,984	102	(102)	(102)	102

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

19 FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value of financial instruments

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

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	731,716	731,716	685,984	685,984
Trade and other receivables	2,825	2,825	2,825	2,825
Trade, other payables & provisions	(207,732)	(207,732)	(57,546)	(57,546)
	526,809	526,809	631,263	631,263

The directors consider the carrying amount of the financial instruments to be a reasonable approximation of their fair value on account of the short maturity cycle.

(e) Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group defines capital as cash and cash equivalents plus equity. The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios as the Group has not derived any income from their mineral exploration.

20 PARENT ENTITY INFORMATION

	2017	2016
	\$	\$
(a) Financial position		
ASSETS		
Current assets	788,209	704,608
Non-current assets	8,257,844	6,478,009
TOTAL ASSETS	9,046,053	7,182,617
LIABILITIES		
Current liabilities	440,917	139,400
TOTAL LIABILITIES	440,917	139,400
NET ASSETS	8,605,136	7,043,218
EQUITY		
Issued capital	30,404,876	27,872,072
Reserves	1,446,560	1,373,479
Accumulated losses	(23,246,300)	(22,202,333)
TOTAL EQUITY	8,605,136	7,043,218



Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 30 June 2017

20 PARENT ENTITY INFORMATION (continued)	2017	2016
	\$	\$
(b) Financial performance		
Loss for the year	1,089,167	798,353
Other comprehensive income for the year	-	-
	1,089,167	798,353

(c) Commitments

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 2 April 2014 for the provision of Directorial services. Mr Ong is a related party of Minerva Corporate Pty Ltd.

This service agreement was amended in August 2014 to exclude Company Secretarial services.

During the year an amount of \$26,400 (2016:\$26,400) inclusive of GST was paid or payable in relation to these services. \$2,200 (2016: \$2,200) is included in trade creditors on account of these services.

(d) Contingencies

The Company has no contingent assets or liabilities at the reporting date.

Directors' Declaration

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

In the opinion of the Directors:

1. The consolidated financial statements and accompanying notes set out on pages 35 to 57 are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the Group's financial position at 30 June 2017 and of its performance for the year ended on that date; and
 - b. complying with Accounting Standards and Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.
4. The consolidated financial statements and notes are also in compliance with International Financial Reporting Standards as disclosed in Note 1 (a).

On behalf of the Board



Steven Michael
Managing Director

Perth, 29 September 2017

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Segue Resources Limited "the Company" and its controlled entities "the Group", which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) to the financial report which indicates that the Group incurred a net loss of \$887,642 during the year ended 30 June 2017, and as of that date, the Group net current assets of \$479,455. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of exploration and evaluation assets <i>Refer to Note 1(c), (k), (l) & 6</i>	
Exploration and evaluation assets of \$8,283,225 represent 90% of the Group's total assets.	Our procedures included, amongst others:
The evaluation of the recoverable amount of these exploration and evaluation assets requires significant judgement in regard to identifying the elements to capitalise expenditure and identifying indicators of impairment.	Obtaining an understanding of the key controls associated with the preparation of the valuation models used to assess the recoverable amount of the Group's intangible assets.
	Testing a sample of additions by sighting evidence of completed invoices and reviewed the expense amount capitalised.
	Assessing whether there is any indication that an asset may be impaired by critically evaluating management's assessment of impairment indicators and confirming that there is sufficient funding to maintain the minimum spend required.
	Assessing the appropriateness of the disclosures included within the financial report.

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

Going Concern

Refer to Note 1(a)

The Group remains in the exploration phase of its life cycle and continues to invest in exploration of its tenements. As a junior explorer, the Group does not generate revenue and is therefore dependent on future capital raisings.

The Directors have continued to adopt the going concern basis of preparation in preparing the Group's financial report, taking into account the success of raising subsequent capital funding.

Our procedures included, amongst others:

Reviewing and satisfying ourselves that the cash flow forecasts prepared by the Directors were consistent with the Group's strategy and current position.

Reviewing ASX announcements regarding capital raisings subsequent to year end.

Assessing the appropriateness of the disclosures included within the financial report.

Share Based Payments

Refer to Note 1(q) & 17

Share based payments represent \$56,756 of the Group's expenditure.

Share based payments must be recorded at fair value of the service provided, or in the absence of such, at the fair value of the underlying equity instrument granted.

Our procedures included, amongst others:

Obtaining an understanding of the key controls associated with the preparation of the valuation models used to assess the fair value of share based payments, including those relating to volatility of the underlying security and the appropriateness of the model used for valuation.

Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation models.

Assessing the appropriateness of the disclosures included within the financial report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

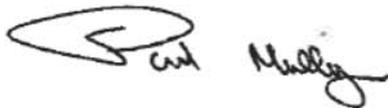
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Segue Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 29 September 2017



Additional Information

Shareholders Information

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Information as at 21 September 2017.

1. Shares on Issue

Total number of issued fully paid ordinary shares was 172,591,948.

2. Distribution of Holders

	Number of Holders Shares	Percentage of Issued Capital
1 - 1,000	58	0.00%
1,001 - 5,000	108	0.00%
5,001 - 10,000	79	0.00%
10,001 - 100,000	1,022	21.96%
> 100,000	290	77.52%
Total	1,557	100.00%

3. Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 258.

4. Substantial Shareholders

Shareholders who hold 5% or more of the issued capital of the Company as per substantial shareholder notices lodged with ASX are listed below.

Name	Number of Shares Held	Percentage Held
Croesus Mining Pty Ltd	11,476,187	6.64%
Havelock Mining Investment Ltd	10,233,689	5.93%

Top 20 Shareholders – Ordinary Shares

Rank	Name	Units	% of Shares on Issue
1	HAVELOCK MINING INVESTMENT LTD	10,233,689	5.93
2	CROESUS MINING PTY LTD <THE SECOND SUPER FUND A/C>	4,519,046	2.62
3	CROESUS MINING PTY LTD <STEINPREIS SUPER FUND A/C>	3,738,095	2.17
4	MR IAN MICHAEL PATERSON PARKER + MRS CATRIONA SYLVIA PARKER <IMPP A/C>	3,300,100	1.91
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,008,755	1.74
6	AJAVA HOLDINGS PTY LTD	3,000,000	1.74
7	ASCENT CAPITAL HOLDINGS PTY LTD	2,857,142	1.66
8	MR STEVEN MICHAEL	2,614,285	1.51
9	MR RICHARD STIRLING MICKLE <SCALLYWAG FAMILY NO 2 A/C>	2,000,000	1.16
10	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	2,000,000	1.16
11	MR CRAIG MICKLE	2,000,000	1.16
12	PROMETHEUS CORPORATION PTY LTD <PAY IT FWD FOUNDATION A/C>	2,000,000	1.16
13	KHE SANH PTY LTD <TRADING NO 1 A/C>	2,000,000	1.16
14	DELTA RESOURCE MANAGEMENT PTY LTD	1,700,000	0.98
15	MR PAUL GREGORY BROWN + MRS JESSICA ORIWIA BROWN <BROWN SUPER FUND A/C>	1,640,000	0.95
16	MANDOLIN NOMINEES PTY LTD <MANDOLIN S/F A/C>	1,600,000	0.93
17	SIERRA WHISKEY PTY LIMITED	1,500,000	0.87
18	BOND STREET CUSTODIANS LIMITED <VVALLE - D42564 A/C>	1,500,000	0.87
19	FAIRBROTHER HOLDINGS PTY LTD	1,500,000	0.87
20	CHARLES FRAZER TABEART	1,500,000	0.87
Totals: Top 20 holders of SEG ORDINARY FULLY PAID		54,211,112	31.41%
Total Remaining Holders Balance		118,380,836	68.59%
Total Holders Balance		172,591,948	100.00%

Additional Information

6. Restricted Securities

There are no restricted securities currently on issue.

7. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

There are no voting rights attached to any class of options that is on issue.

8. On-market Buy-Back

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

9. Company Secretary

The name of the Company Secretary is Matthew Foy.

10. Registered Address

The address of the principal registered office is Unit 16, 40 St Quentin Avenue, Claremont WA 6010. Telephone (08) 9383 3330.

11. Registers

The registers of securities are held at the following address:

Advance Share Registry
150 Stirling Highway
Nedlands WA 6009

12. Unquoted Securities

As at 21 September 2017 the following options over un-issued shares were on issue:

428,571 options exercisable at \$0.35 on or before 18 February 2018.

714,285 options exercisable at \$0.126 on or before 3 August 2018.

8,571,408 options exercisable at \$0.175 on or before 30 June 2019.

15,413,136 options exercisable at \$0.07 on or before 31 December 2019.

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

As at 21 September 2017 the following class of unquoted securities had holders with greater than 20% of the class on issue.

Unquoted Options exercisable at \$0.35 on or before 18 February 2018

Percentage Held %	Name	Number of Securities held
100%	6466 Investments Pty Ltd	428,571

Unquoted Options exercisable at \$0.0036 on or before 3 August 2018

Percentage Held %	Name	Number of Securities held
100%	Omni Geox Pty Ltd	714,285



Additional Information

14. Tenement Schedule as at 21 September 2017

Tenement	Holder	Interest	Granted	Expiry
E09/1618	Zeus Resources Ltd	35%	16/05/2011	15/05/2012
E09/2169	Next Advancements Pty Ltd	100%	16/05/2017	15/05/2022
E09/2170	Next Advancements Pty Ltd	100%	16/05/2017	15/05/2022
E09/2171	Next Advancements Pty Ltd	100%	16/05/2017	15/05/2022
E09/2197	Next Advancements Pty Ltd	100%	28/04/2017	27/04/2022
E09/2198	Next Advancements Pty Ltd	100%	28/04/2017	27/04/2022
E16/0495	Segue (Salt Creek) Pty Ltd	100%	3/07/2017	4/11/2016
E28/1475	Segue (Plumridge) Pty Ltd	100%	17/11/2004	16/11/2017
E28/2266	Segue (Plumridge) Pty Ltd	100%	25/07/2013	24/07/2018
E28/2267	Segue (Plumridge) Pty Ltd	100%	23/04/2013	22/04/2018
E28/2317	Segue (Plumridge) Pty Ltd	100%	22/01/2015	21/01/2019
E30/0488	Segue (Salt Creek) Pty Ltd	100%	5/04/2017	19/08/2016
E30/0493	Segue (Salt Creek) Pty Ltd	100%	4/07/2017	4/11/2016
E30/0494	Segue (Salt Creek) Pty Ltd	100%	11/07/2017	4/11/2016
E39/1084	Segue (Plumridge) Pty Ltd	100%	11/01/2006	10/01/2018
E39/1117	Segue (Plumridge) Pty Ltd	100%	25/11/2005	24/11/2017
E39/1118	Segue (Plumridge) Pty Ltd	100%	11/01/2006	10/01/2018
E39/1709	Segue (Plumridge) Pty Ltd	100%	30/05/2015	29/05/2019
E39/1710	Segue (Plumridge) Pty Ltd	100%	9/04/2013	8/04/2018
E39/1731	Segue (Plumridge) Pty Ltd	100%	24/09/2013	23/09/2018
E39/1830	Segue (Plumridge) Pty Ltd	100%	19/03/2016	18/03/2020
E39/1979	Segue (Salt Creek) Pty Ltd	100%	6/02/2017	6/07/2016
E45/1866	Segue (Pardoo) Limited	20%	9/02/2004	8/02/2019
E45/4279	Segue (Pardoo) Limited	20%	3/12/2015	2/12/2019
E45/4671	Segue (Pardoo) Limited	20%	27/03/2017	26/03/2022
E47/3476	Segue (Gascoyne) Pty Ltd	100%	17/11/2016	24/03/2016
E47/3478	Segue (Gascoyne) Pty Ltd	100%	17/11/2016	24/03/2016
E77/2403	Segue (Salt Creek) Pty Ltd	100%	21/04/2017	7/09/2016
E77/2416	Segue (Salt Creek) Pty Ltd	100%	3/07/2017	21/11/2016



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