

PRE-LISTING CORPORATE GOVERNANCE REPORT SEGUE RESOURCES LIMITED (THE "COMPANY")

STATEMENT

As an integral part of its preparations to list on the Australian Stock Exchange, the Company considered and set up a framework for embracing the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines"). Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available, activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice. Where a recommendation requires disclosure in the Company's annual report, the Board will make such disclosure in its first annual report after listing.

Further information about the Company's corporate governance practices will be set out on the Company's website at www.segueresources.com when the Company lists on the ASX. In accordance with the recommendations of the ASX, information published on the Company's website will include charters, codes of conduct and other policies and procedures relating to the board and its responsibilities.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

After due consideration, the Company intends to conduct its operations as a listed entity in accordance with the ASX Corporate Governance Best Practice Recommendations, other than in relation to the matters specified below.

Principle 2 - Recommendation 2.4

Notification of Departure:

The Board is actively considering whether to form a nomination subcommittee or convene in this capacity as the full Board.

Explanation for Departure:

The Board is undecided whether efficiencies or other benefits would be gained by establishing a separate nomination committee. In any event, the Board has adopted a Nomination Committee Charter which is equally suited to use by the full Board or a subcommittee.

Principle 4 - Recommendation 4.2, 4.3, 4.4

Notification of Departure:

The Board has not yet formally nominated an Audit Committee.

Explanation for Departure:

The Board intends to form an Audit Committee, which will be comprised of the two current non-executive directors. The Board will consider the preferred composition of the Audit Committee once it has listed, and has already adopted a Charter for the Committee's use.

Principle 7 - Recommendation 7.1**Notification of Departure:**

The Company has not yet formalized a formal risk oversight and management policy and internal compliance and control system.

Explanation for Departure:

The Company is a junior resource entity at exploration stage with no current mining operations. The investment risk profile of the Company is high and investment in the Company is considered to be speculative.

The Company does not have formal written policies on risk oversight and management. However, as a matter of practice, the Board is responsible for risk oversight and management. Day to day responsibility is delegated to the Executive Director.

The Executive Director is responsible for:

- Identification of risk;
- Monitoring risk;
- Communication of risk events to the board; and
- Responding to risk events with board authority.

The Company Secretary, will manage the Company's internal controls and risk management and the Audit Committee (when created) will oversee risk management and internal compliance.

The board defines risk to be any event that, if it occurs, will have a material impact on the ability of the Company to achieve its objectives. Risk is considered across the financial, operational and organisational aspects of the Company's affairs.

Given its early stage of development, the financial and organisational risks are considered low, as there are simple financial and organisational structures in place. Success of the Company is dependent upon exploration success and continued funding of exploration activities.

The Company has tenements in the Northern Territory. The Company, in accordance with its corporate code of conduct (a copy of which will be made available on the website after listing) complies with all legal requirements in any jurisdiction in which it operates. In addition, where its own standards are higher than that required by local requirements, it adheres to its own higher standards.

The Company intends to develop this framework into a detailed policy as its operations continue to grow.

Principle 8 - Recommendation 8.1**Notification of Departure:**

The Company has not yet established a formal process for evaluation of the Board, its directors and management.

Explanation for Departure:

The Board Intends to address this during its first reporting period after listing.

Principle 9 - Recommendation 9.1**Notification of Departure:**

The Company does not yet have a formal remuneration policy.

Explanation for Departure:

It is expected that a policy will be established once the Remuneration Committee or the full Board, as the case may be, convenes in accordance with the Remuneration Committee Charter which has recently been adopted by the Company.

Principle 9 - Recommendation 9.2**Notification of Departure:**

The Board is undecided whether it is necessary to form a separate committee to deal with remuneration matters.

Explanation for Departure:

This will be determined once the Company has listed. The Board had adopted a Charter which is suitable for use by the full Board or a committee.