

31 October 2016

Market Announcements Platform  
ASX Limited  
Exchange Centre,  
20 Bridge Street  
Sydney NSW 2000



ASX Code: SEG

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### SEPTEMBER QUARTER HIGHLIGHTS

- **3,147m aircore drilling programme completed at the Plumridge Gold Project with several gold anomalies defined at the southern extent of the Harris Lake Shear Zone**
- **Stream sediment sampling completed (+1,400 samples) at the Gascoyne Lithium Project with previously unidentified pegmatites discovered to the south of the target host intrusions**
- **Two tenements (300km<sup>2</sup>) pegged at the Barlee Gold Project, 180km north of Southern Cross with first pass rock chip and soil sampling to be completed in October 2016**
- **Moving Loop EM survey underway at the Plumridge Nickel Project to test at least 10 targets**



Figure 1: Segue Projects Location Map

### Segue Resources Limited

ASX Code:	SEG
Share price (28/10/16):	0.3¢
52 week range:	0.1 - 0.6¢
Shares on issue:	3,241m
Market cap.:	\$9.7m

### Exploration Projects

Project	Interest	Location	Size
Plumridge Nickel	100% <sup>1</sup>	Fraser Range	2,450km <sup>2</sup>
Plumridge Gold	100%	Fraser Range	450km <sup>2</sup>
Gascoyne Lithium	100% <sup>2</sup>	Mortimer Hills	1,100km <sup>2</sup>
Barlee Gold	100%	Southern Cross	300km <sup>2</sup>
Deralinya Nickel	70%	Fraser Range	775km <sup>2</sup>
Pardoo Nickel	100% <sup>1</sup>	Pilbara	330km <sup>2</sup>

1. Subject to farm-out joint venture.
2. Subject to farm-in joint venture.

## PLUMRIDGE NICKEL PROJECT

### Fraser Range Province, Western Australia

During the quarter, 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 10 target areas (**Figure 2**) 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.

MMG has ensured all tenements remain in good standing and expenditure on the JV tenements to the end of September was \$1.2 million. Under the terms of the Plumridge Nickel JV, MMG is required to spend at least \$1.5 million on exploration by 31 December 2016.

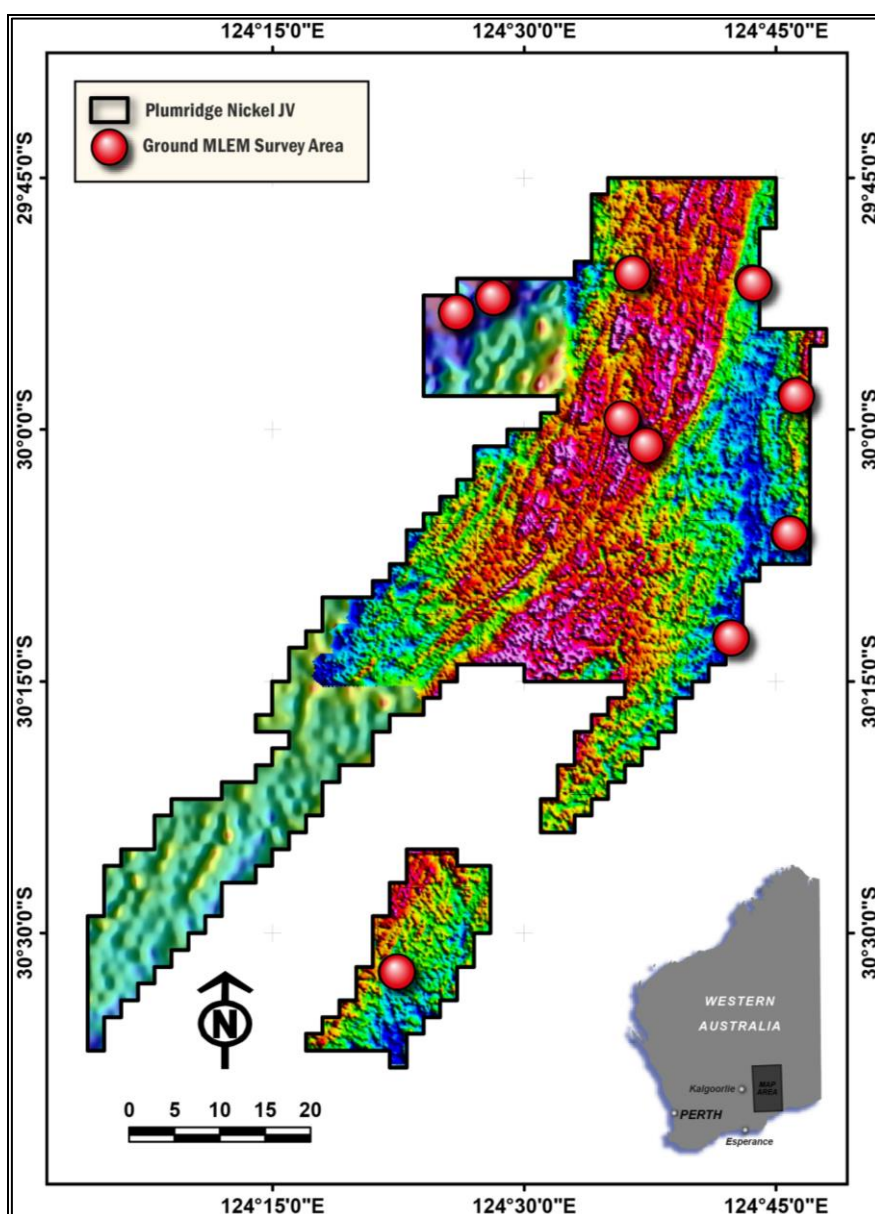


Figure 2: Plumridge Nickel Project showing 1VD gravity image with MLEM targets

**PLUMRIDGE GOLD PROJECT**  
**Fraser Range Province, Western Australia**

Segue has a 100% interest in three 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 quarter, 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 3**), 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).

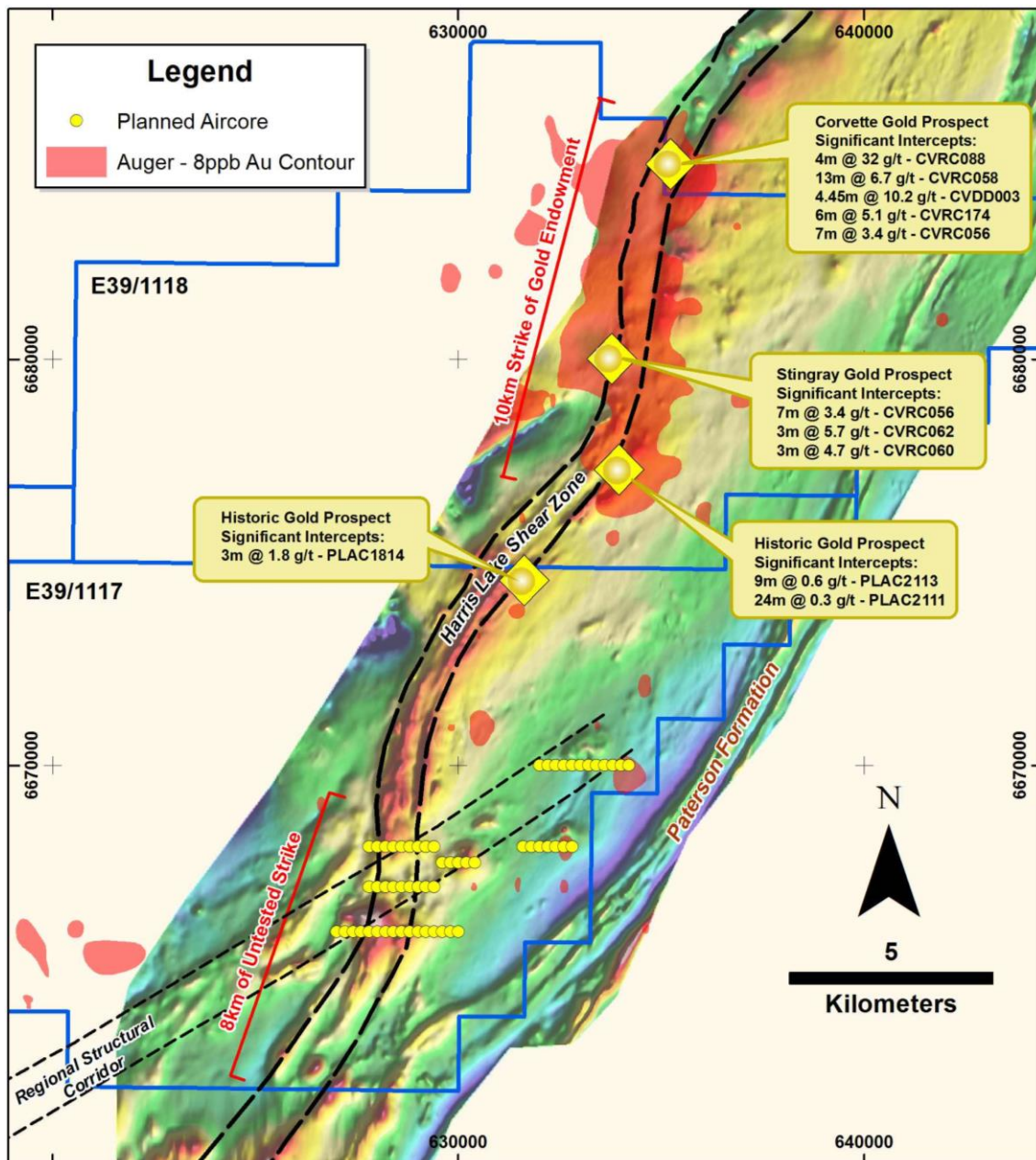


Figure 3: Plumridge Gold detailed drilling plan

In September 2016, Segue advised that ten drill holes returned anomalous gold assays (+10ppb Au) across adjacent holes and traverses. The best result, from hole PLSAC008, intersected 116ppb Au, which is in the 99<sup>th</sup> 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 4**).

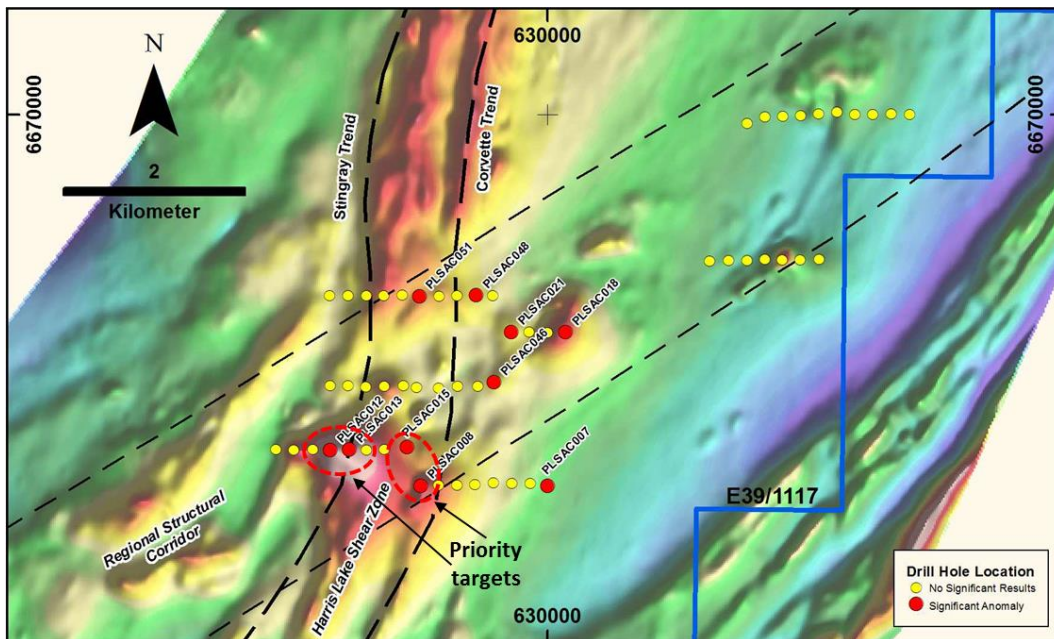


Figure 4: Aircore drill collar locations

Drilling intersected 14-71m of cover which consisted of Quaternary sands, Tertiary sediments and the Permian-aged Paterson Formation. The thick cover sequence, which contains iron cemented sands and black shales (shown in **Figures 5-8**), has limited the supergene dispersion of gold. As a result, historic auger sampling was ineffective in adequately testing this area. Segue’s aircore drilling results have confirmed the extensions of both the Stingray and Corvette trends within the Harris Lake Shear zone.

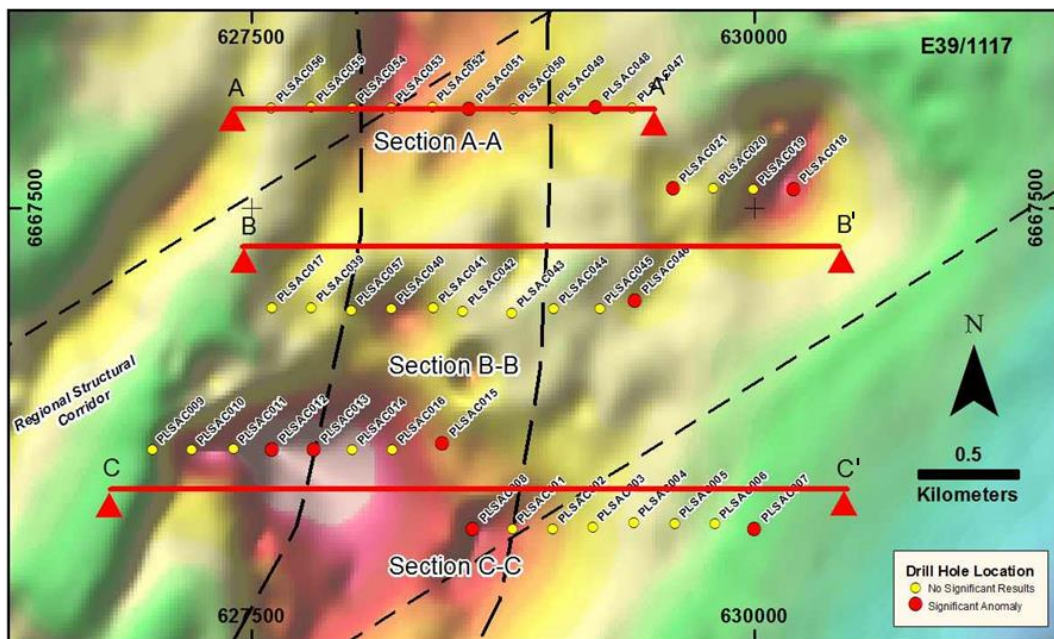


Figure 5: Aircore drill collar locations and section lines (Figures 6-8)

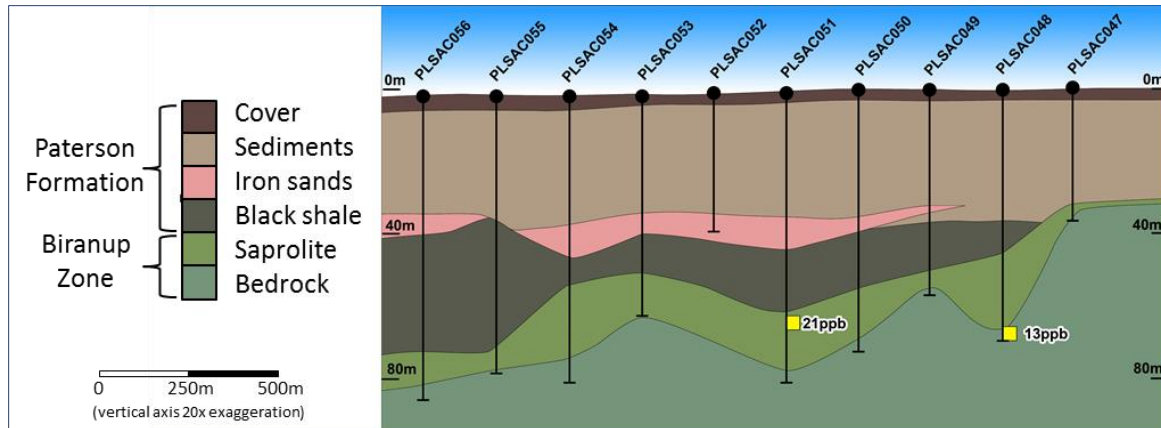


Figure 6: Plumridge Gold cross section A-A'

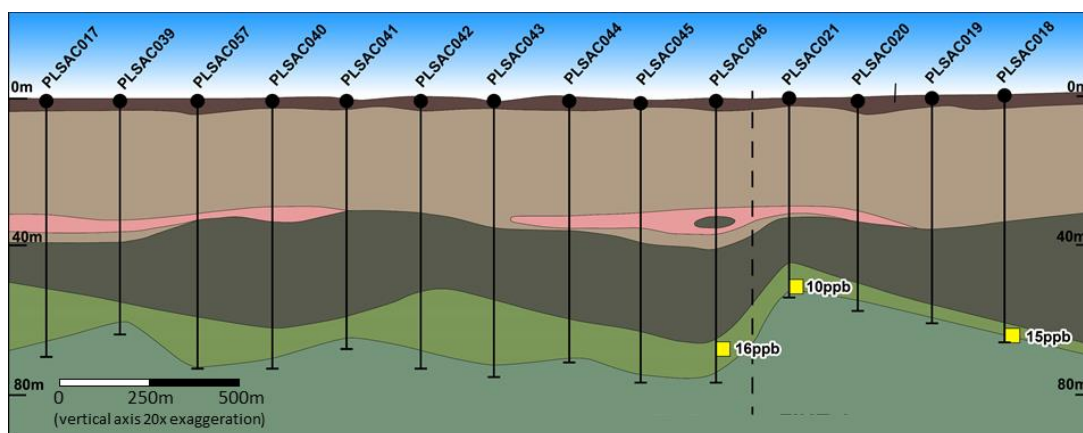


Figure 7: Plumridge Gold cross section B-B'

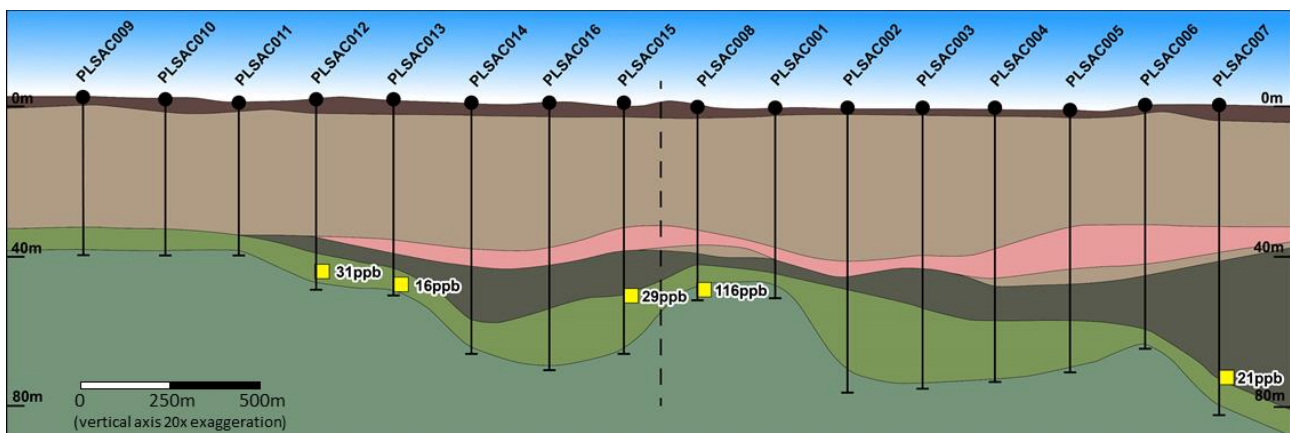


Figure 8: Plumridge Gold cross section C-C'

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. These targets, along with the two priority targets identified in this drilling programme, will be tested by a 3,000-4,000m reverse circulation (RC) drill programme in 4Q 2016. This drilling programme will consist of a series of fence lines across the interpreted mineralised structures to confirm gold mineralisation.

## MORTIMER HILLS/GASCOYNE LITHIUM PROJECT

### Gascoyne Region, Western Australia

During the quarter, Segue announced it had exercised its option to acquire Next Advancements Pty Ltd (**Next**), which has a 100% interest in three exploration licence applications covering approximately 220km<sup>2</sup> at Morrissey Hill in the Gascoyne region of Western Australia (**Figure 9**). Segue entered into the option and acquisition agreement with Next in March 2016 (*refer to ASX announcement on 31 March 2016*) as part of the Gascoyne Lithium Project (**Project**).

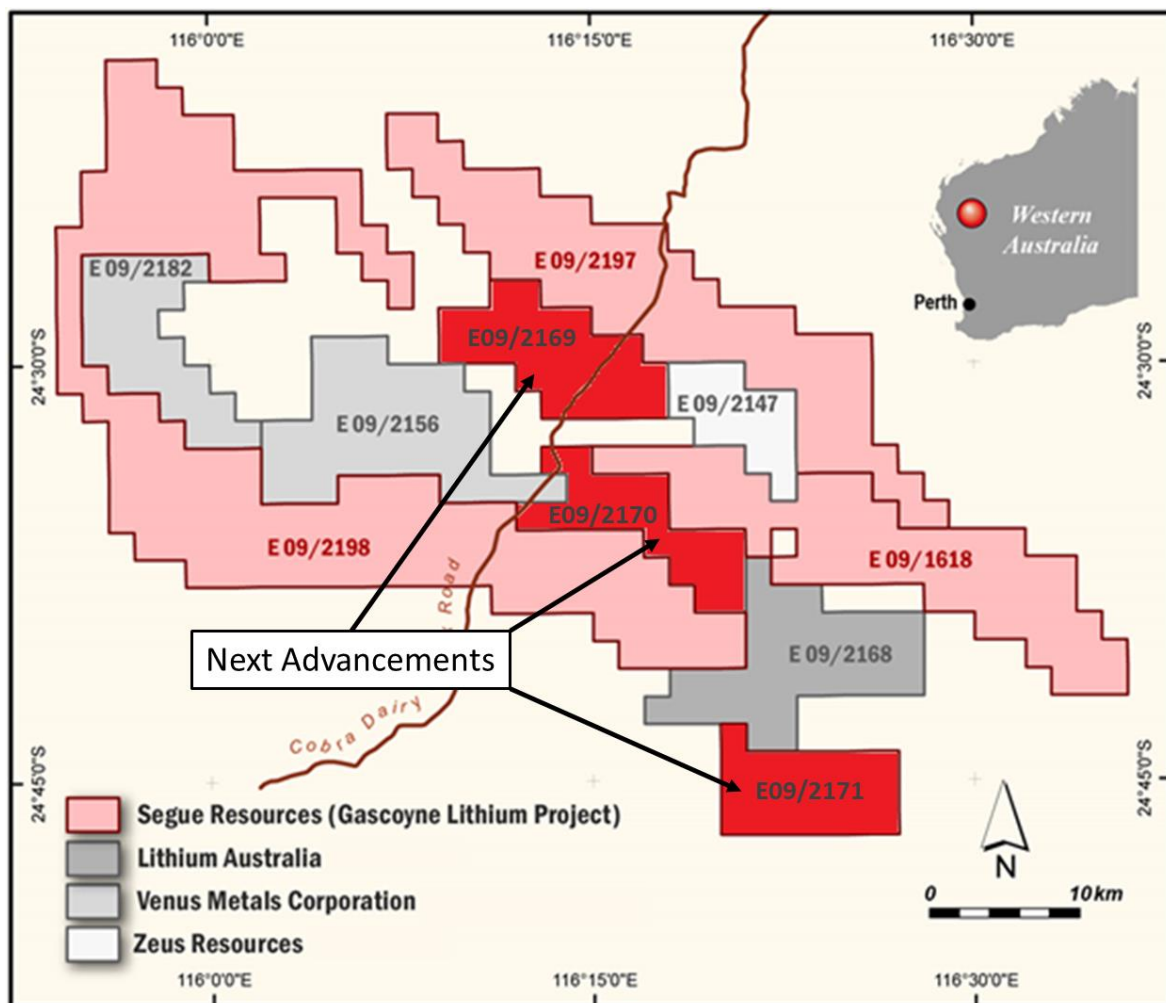
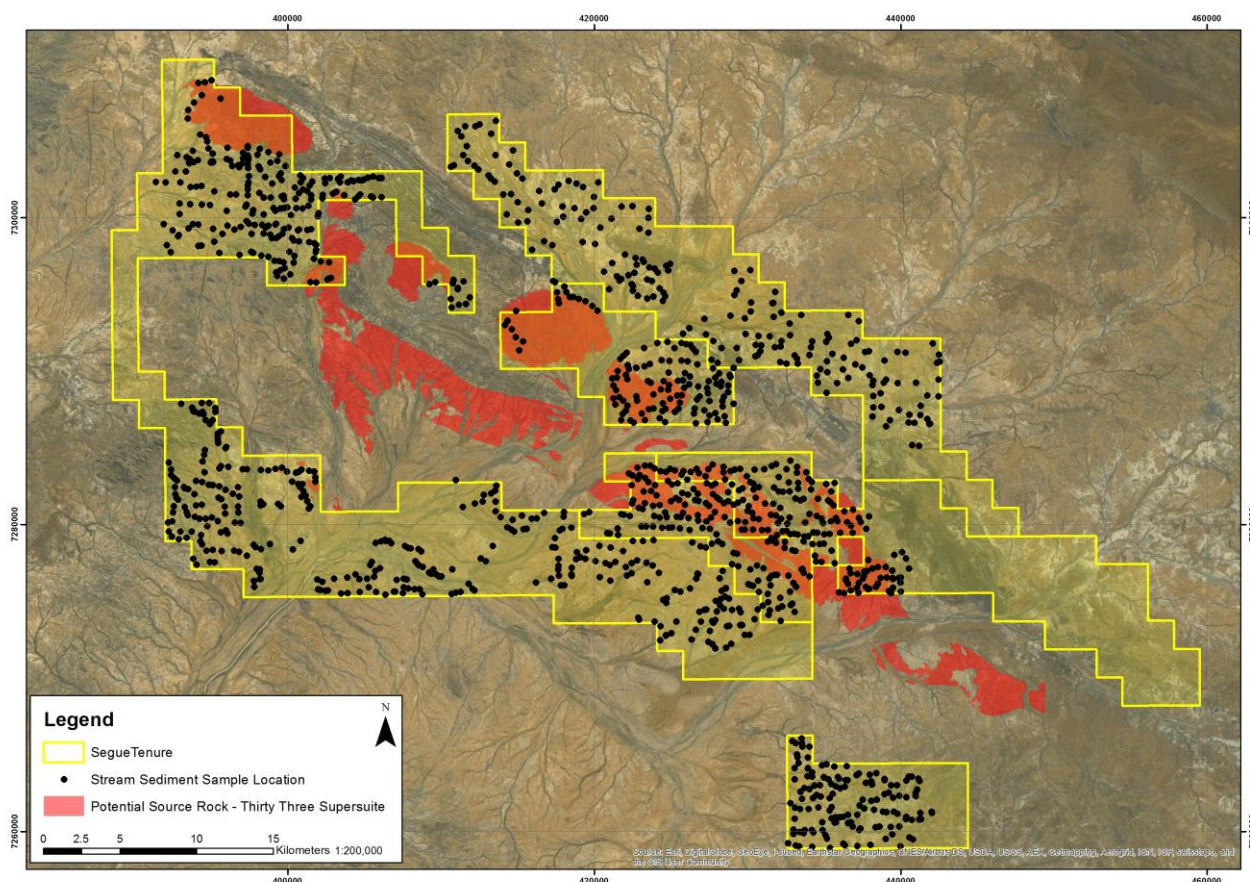


Figure 9: Gascoyne Lithium Project tenement map

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.

During the quarter Segue completed its second phase of exploration at the Project with over 1,400 stream sediment samples covering approximately 1,000km<sup>2</sup> of exploration licences prospective for lithium-caesium-tantalum pegmatites (**Figure 10**). The project area has a well-developed drainage network suitable to first pass surface geochemical exploration.



**Figure 10: Gascoyne Lithium Project – stream sediment sampling showing Thirty Three Supersuite granitic intrusions**

The exploration programme encountered pegmatite swarms throughout the project area with previously unidentified pegmatites discovered to the south of the target host intrusions. The pegmatites are consistent with known lithium mineralisation in the area (April pegmatite).

The stream sediment samples have been sent for assaying with the results expected to be received by mid-November. The assay results will be used to identify areas of lithium and associated element enrichment (Li-Ce-Ta-Nb ±Rb-Be).



**Figure 11: Stream sediment samples**

## BARLEE GOLD PROJECT Eastern Goldfields, Western Australia

During the quarter Segue announced it had applied for two exploration licences at the Barlee Gold Project covering 300km<sup>2</sup> of highly prospective greenstone belts, 180km north of Southern Cross in the Eastern Goldfields of Western Australia. The Barlee Project covers 40 strike kilometres of the Evanston, South Elvire, Mount Elvire and Yerligee Greenstone Belts which straddle the Evanston and Yuinmery Shear Zones.

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

Segue has commenced an initial rock chip and multi-element geochemical orientation survey designed to test the outcropping greenstone belts (**Figure 12**). The exploration programme will be completed by the end of October, with assay results expected to be received by the end of November.

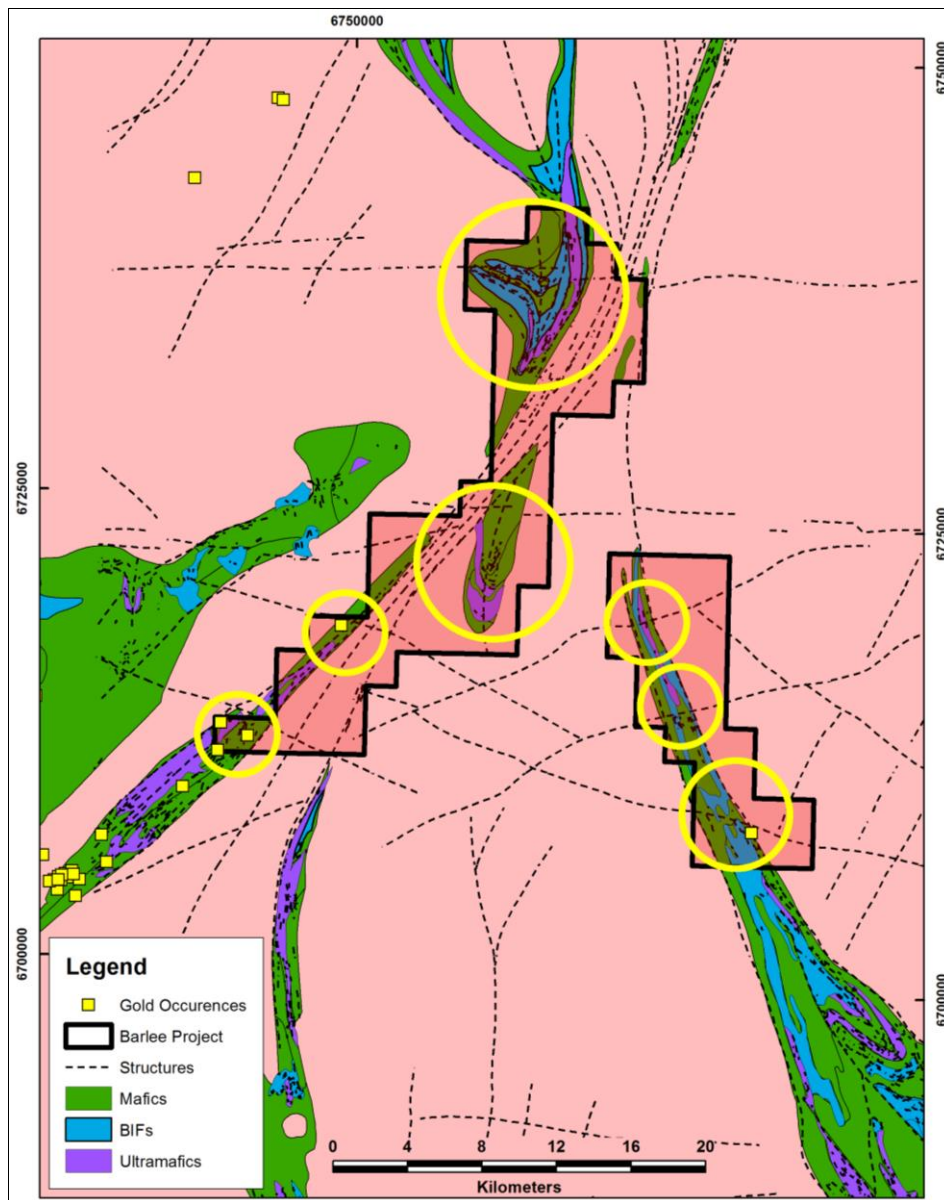


Figure 12: Barlee Project detailed map showing initial target areas (yellow circles)



## **CORPORATE AND FINANCIAL**

### **Acquisition of Next Advancements Pty Ltd**

During the quarter Segue advised that it had exercised its option to acquire Next Advancements Pty Ltd (**Next**). Pursuant to the option and acquisition agreement entered into in March 2016, Segue issued Next 100 million Segue shares in exchange for 100% of the share capital of Next on 15 August 2016. Segue has also entered into voluntary escrow agreements with Next shareholders covering 43.4 million Consideration Shares for a period of three months.

### **Acuity Capital Placement**

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

### **Shareholder Meeting**

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

For further information, visit [www.segueresources.com](http://www.segueresources.com) or contact:

### **Segue Resources Limited**

Mr Steven Michael

*Managing Director*

T: +61 8 9383 3330

E: [info@segueresources.com](mailto:info@segueresources.com)

### **Competent Persons Statement**

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

**Appendix A – Schedule of Tenements as at 30 September 2016**

Tenement ID	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
-------------	--------	----------------------------------	-------------------------------	----------------------------

**Plumridge Nickel Project**

E28/1475	Granted	100%	0%	100%
E28/2266	Granted	100%	0%	100%
E28/2267	Granted	100%	0%	100%
E28/2317	Granted	100%	0%	100%
E39/1084	Granted	100%	0%	100%
E39/1709	Granted	100%	0%	100%
E39/1710	Granted	100%	0%	100%
E39/1731	Granted	100%	0%	100%

**Plumridge Gold Project**

E39/1117	Granted	100%	0%	100%
E39/1118	Granted	100%	0%	100%
E39/1830	Granted	100%	0%	100%

**Deralinya Project**

E63/1522	Granted	100%	0%	100%
E63/1524	Granted	100%	0%	100%
E63/1736	Granted	100%	0%	100%

**Pardoo Project**

E45/1866	Granted	100%	0%	100%
E45/4279	Granted	100%	0%	100%
E45/4671	Application	0%	0%	0%
P45/3011	Application	0%	0%	0%
P45/3012	Application	0%	0%	0%

**Lithium Projects**

E09/1618	Granted	0%	0% <sup>1</sup>	0%
E09/2169	Application	0%	0%	0%
E09/2170	Application	0%	0%	0%
E09/2171	Application	0%	0%	0%
E09/2197	Application	0%	0%	0%
E09/2198	Application	0%	0%	0%
E47/3476	Application	0%	0%	0%
E47/3477	Application	0%	0%	0%
E47/3478	Application	0%	0%	0%

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