# Segue Resources Limited ACN 112 609 846

# **Report for Quarter Ended 30 September 2008**

## Highlights

- Four drill hole program completed at Pardoo
- Metallurgical test work on bulk samples from Coronet Hill is in progress
- Negotiations with traditional owners has commenced on Northern Territory exploration license applications

## Corporate

• At 30 June 2008 Segue had approximately \$246,000 in cash.

## **Project Review**

## Pardoo Project, Western Australia (Segue 100%, Mithril earning up to 65%) EL45/1866, EL45/2146, PL45/2572 and PL45/2573

The Pardoo Nickel Project is host to the Highway Deposit where a JORC-code compliant inferred mineral resource of 44.7Mt grading 0.3% nickel and 0.1% copper has been previously been identified. Under a joint venture arrangement with Mithril Resources Limited, ("Mithril") may earn up to a 65% interest in the project via the expenditure of up to A\$15.5 million.



The four drillhole program that commenced last quarter at Pardoo was completed in July. Of the four, two drillholes were targeted to test the continuity and depth potential of the Highway Resource and two targeted regional geophysical anomalies.

The first hole at the Highway Resource was drilled to a depth of 393m while the second, located 200m to the southwest, was drilled to a depth of 333m. After passing through a thin (30m-50m) cover sequence the drillholes intersected basement lithologies including mafic schists, brecciated cherts and laminated metasediments. Analytical results confirm the presence of wide zones of nickel sulphide mineralisation including higher grades of up to 1.8% nickel encountered over one metre intervals. The sulphide content within these intervals typically averages 5-10%. Both drillholes are inclined at 60 degrees. Significant results are presented in the table below:

Hole ID	From (m)	To (m)	Interval (m)	Nickel (%)	Copper (%)	Cobalt (%)
DD08HW001	55.3m	115m	59.7m	0.22	0.01	0.02
	178m	273m	95m	0.41	0.16	0.03
including	179m	191m	12m	0.62	0.21	0.04
	208m	252m	44m	0.56	0.15	0.04
DD08HW002	188m	272m	84m	0.36	0.09	0.02
including	200.5m	259.7m	59.2m	0.44	0.1	0.03

In addition DD08HW002 intersected a 1.5m interval grading 5.18g/t gold and 1.05% copper at 286.5m downhole. The mineralisation appears to be associated with carbonate-sulphide veining within a metasediment. DD08HW001, drilled 200m to the northeast also encountered gold and copper values at this horizon (1.37 g/t and 0.55\% copper over 1m). These results warrant further investigation.

The third drillhole (DD08HW003) targeted a strong ground electromagnetic conductor adjacent to a linear magnetic anomaly approximately 3km east-southeast of the Highway Resource and intersected 35m of graphitic shale from 84m which is the likely source of the conductor. No further work is required on the target.

The fourth drillhole (DD08HW004) was targeted on a coincident magnetic and gravity anomaly 3km east and along strike from the Highway Resource. The drillhole intersected a mafic unit containing approximately 30% magnetite from 32m downhole (25m vertical depth) to the end of the hole at a depth of 150m.

Test work to determine the amenability of bio-oxidation heap leaching is continuing and the results of this work will now be available later in the year.

Geophysical surveying completed in the year has provided additional drilling targets for ongoing work.



**Coronet Hill Project, Northern Territory (Segue 100%)** 

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

Four large bulk metallurgical samples have been collected from sites along the Coronet Fault and submitted to AMMTEC in Perth for test work. Historical small scale mining has identified massive sulphide mineralization with significant silver and copper content. This ore also contains significant arsenic that would be a penalty metal in any potential concentrate. Metallurgical test work aims to provide a preliminary understanding to the nature and characteristics of arsenic in this style of mineralisation and identify avenues for both removal and profitable downstream processing of other economic metals. To date, detailed head analysis, optical mineralogy and limited sighter flotation tests have been completed.

Head assays of the metallurgical samples confirm significant levels of arsenic (up to 32%), copper (up to 9%) and silver (up to 399g/t) combined with other lower level poly-metallic credits (gold, zinc, tin and tungsten).

Mineralogical studies of metallurgical samples confirmed the presence of coarse-grained arsenopyrite and secondary scorodite (hydrated iron arsenate). Other minerals present in lesser amounts include covellite, chacopyrite, tennantite digenite, galena, sphalerite and wolframite.

Conclusions gained from the metallurgical sighter flotation tests completed to date have been mostly disappointing. Arsenic removal remains problematical, requiring more testing. From this work, it is considered likely that a penalty level of arsenic will always be present in any potential copper concentrate given the high arsenic feed-grade. Initial results indicate copper concentrates have the potential to be high-grade, however it is considered that copper recovery still has room for improvement.

Completion and conclusions of metallurgical test work in the current quarter will have an impact on the future work to be undertaken.

Coronet Hill location map:



### Wauchope, Northern Territory, Australia

On 3 April 2006, Segue entered into an agreement with Imperial Granite & Minerals Pty Ltd to conditionally purchase 100% of EL 24850, located near Wauchope in the Northern Territory. Separately, in 2007 Segue acquired ELA 25639 from McCleary Investments Pty Ltd ("McCleary Investments"), adjacent to Newmont's Groundrush Mine (now closed) in the Tanami. Both exploration licence applications are on aboriginal freehold land in the Northern Territory. In the previous reporting period, the Central Land Council facilitated initial meetings between Segue representatives and the respective traditional owners. This is the first significant step in the grant process. To date, no determinations have been made in this matter.

### Angela & Pamela Uranium Project, Northern Territory

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

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

McCleary Investments was not successful however, in its mineral claim and mineral lease application relating to the land formerly contained in Block RO1292. McCleary Investments subsequently appealed this decision. On 22<sup>nd</sup> October 2007 Segue was advised by McCleary Investments, that based on advice from its solicitors, it had decided not to continue its appeal.

Nevertheless, McCleary Investments has advised that it will continue to vigorously pursue its right to have the mineral lease application, in respect of Block RO1103 received and processed pursuant to the Northern Territory Mining Act. Segue has been advised that the Northern Territory Department of Primary Industry, Fisheries and Mines will process this mineral lease application in due course according to standard procedure.

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The information in this report relating to exploration results is based on information compiled by Mr M Cowin of Cowin Holdings Pty Ltd, who is a Member of the AIG. Mr Cowin acts as Exploration Manager for Segue Resources Ltd, and consents to the inclusion in this report of the information as presented. He has sufficient experience relevant to the style of mineralization/type of deposit under consideration and to the type of activity described to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".