



## Report for Quarter Ended 31 December 2006

### Highlights

- Acquisition of Pardoo Project in Pilbara region of Western Australia completed
- Helicopter VTEM Survey conducted over entire Pardoo Project which identified a number of high priority drill targets
- Diamond drilling rig confirmed for commencement of drilling programme on Pardoo Project in January 2007
- Final data received from IP survey on Coronet Hill Project which has identified priority targets indicative of massive and disseminated sulphides
- \$1.2 million cash and listed investments at end of quarter.

### Pardoo Project, Western Australia (Segue 100%)

In November 2006, the acquisition of the Pardoo Base Metal Project (EL45/1866 & EL 2146) was completed. The Pardoo Base Metal Project comprises two exploration licences in the Pilbara region of Western Australia. This project is located approximately 100km east of Port Hedland and covers 174km<sup>2</sup>. The tenements contain a JORC compliant inferred resource of nickel and copper (37Mt @ 0.31% Ni and 0.12% Cu using a 0.1% Ni cut-off that remains open at depth) with significant upside not only for nickel and copper, but also other base metals (in particular zinc), iron ore and platinum group elements.

After acquisition, Segue immediately conducted a helicopter-based (VTEM) electromagnetic survey over the entire tenure. The objective of this survey was to locate further conductors for drill testing that may potentially host massive and disseminated sulphide mineralisation. Final data has been received, which identified a number of high priority drill targets. These targets are being prioritised for ground-based electromagnetic surveying which will be completed in Q1 2007.

The VTEM survey identified a significant and extensive conductor interpreted to be a palaeochannel which the Company believes may contain accumulations of secondary iron that requires immediate investigation. Additionally, aeromagnetic data clearly shows the presence of primary banded iron formations in the tenements, which form part of the Goldsworthy syncline. Due to the significance of these facts and proximity of this project to the former Goldsworthy iron ore mine and other iron ore explorers, the Company applied for and was granted authority by the Department of Industry and Resources to explore for iron ore within the tenements.

Macro Drill has been contracted to conduct a diamond drilling programme in Q1 2007, which will initially comprise 6 x 250m holes. Drilling commenced in January 2007 and results will be released to the market as soon as they become available.

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

Final data has been received from the IP (induced polarisation) geophysical survey completed in Q3 2006 over a highly prospective 4km zone of the Coronet Fault, in the southern part of the tenement.

This data has delineated zones of high chargeability due to disseminated sulphide concentrations creating direct targets for drilling. These targets are to be drilled as soon as access can be achieved following the end of the northern wet season in Q2 2007.

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

*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 mineralisation/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".*

### **Wauchope, Northern Territory, Australia**

On 3 April 2006, Segue entered into an agreement with Imperial Granite & Minerals Pty Ltd ("IGM") to conditionally purchase 100% of EL 24850 which is located near Wauchope in the Northern Territory of Australia. The purchase agreement is conditional on IGM first being granted EL 24850 by the NT Department of Primary Industry, Fisheries and Mines.

The Company has been advised by IGM that the application for EL 24850 is still being processed by the NT Department of Primary Industry, Fisheries and Mines.

### **Corporate**

In December 2006, North River Resources plc ("NRR") listed on the Alternative Investment Market of the London Stock Exchange. NRR can earn a 51% interest in the Coronet Hill Project (EL 10004) through expending up to the Australian dollar equivalent of £2,000,000.

In January 2007, in accordance with the farmout agreement, NRR contributed A\$250,000 (£100,000). To earn a 20% interest in EL 10004, NRR must expend a further £400,000 within the next two years.

In December 2006, after receiving shareholder approval at Segue's Annual General Meeting, the Company issued 6,000,000 shares, 6,000,000 options exercisable at \$2 on or before 31 August 2009 and paid \$300,000 of trade creditors as consideration for the purchase of the issued capital of Westralian Nickel Ltd, the holder of the Pardoo Project tenements. This company is now a wholly owned subsidiary of Segue and has been renamed Segue (Pardoo) Ltd.

Segue currently has 16,512,350 fully paid ordinary shares on issue (including 227,500 shares escrowed until 24 October 2007) and 15,614,810 options on issue (including 418,060 options escrowed until 24 October 2007).

At 31 December 2006, Segue had approximately \$1.2 million in cash and listed investments.

Contact Details:        Mr John Arbuckle  
                                 Telephone: 61 8 9322 2711