



Report for Quarter Ended 30 September 2006

Highlights

- Continued exploration program at Coronet Hill Project during the September 2006 quarter.
- Acquisition of Westralian Nickel Limited.
- \$1.2 million cash on hand at end of quarter.

Coronet Hill Project, Northern Territory, Australia

The Coronet Hill project (EL 10004) encompasses the old Coronet Hill copper and silver mining field approximately 60 km 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 in excess of 4 km.

The Coronet Hill area has been subject to extensive exploration since the 1960's. The data available from the NT Department of Primary Industry, Fisheries and Mines continues to be compiled into a database.

In July 2006, a soil sampling program was conducted within the southern-most block of EL 10004 whereby 414 samples were collected at a spacing of 100x25m over the main Coronet Hill structure. These samples were sieved at -40 mesh on site to recover a sample size of 250g. Samples were submitted to Ultratrace laboratories in Perth for analysis via fusion bead/ XRF for tin, tungsten, copper and lead.

Analysis of results have reinforced known anomalism associated with the Coronet Fault and parallel structures. The highest individual results returned in soils were 0.06% Sn, 0.015% WO₄, 1.25% Pb and 0.69% Cu.

In September a gradient-array induced polarisation (IP) survey was undertaken over a 4km zone of the Coronet Fault in the southern part of the tenement. At the time of writing, geophysical data is still being processed.

Known mineralisation occurs as massive and heavily disseminated pyrite, chalcopyrite and arsenopyrite. The IP survey is primarily designed to delineate zones of high chargeability due to disseminated sulphide concentrations, creating direct drilling targets. On a secondary basis, resistivity data will assist in delineating lithology, structure and zones of alteration.

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".

Westralian Nickel Limited

In August 2006, the Company announced that it had entered into a conditional share sale agreement to acquire 100% of the issued share capital of Westralian Nickel Limited ("Westralian"). Westralian is the owner of two joining exploration licences in the Pilbara region of Western Australia. This project is located approximately 100kms east of Port Hedland and covers 174km². The tenements contain a JORC compliant inferred resource of nickel and copper (37Mt @ 0.31% Ni and 0.12% using a 0.1% Ni cut-off that remains open at depth) with significant exploration upside not only for nickel and copper, but also for other base metals (in particular zinc), platinum group elements and iron ore.

The completion of the transaction is dependent on shareholder approval at the Annual General Meeting which is to be conducted on 23 November 2006. If shareholder approval is obtained, the Company will issue to the shareholders of Westralian:

- 6,000,000 ordinary fully paid shares; and
- 6,000,000 options with an exercise price of \$2 and an expiry date of 31 August 2009.

As part of the consideration, the Company will also pay \$300,000 to the creditors of Westralian.

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 September 2006, at a general meeting of shareholders, the farmout of 51% of EL 10004 to North River Resources Pty Ltd ("NRR") was unanimously approved. The arrangement allows NRR to earn up to a 51% interest in EL 10004 through the expenditure of up to the Australian dollar equivalent of £2,000,000.

The Company has 10,512,350 fully paid ordinary shares on issue (including 227,500 shares escrowed until 24 October 2006) and 9,614,810 options on issue (including 418,060 options escrowed until 24 October 2006). During the quarter, the Company issued 900,000 options with an exercise price of \$0.60 and an expiry date of 30 June 2010. These options were issued to Directors in accordance with the resolutions passed at the 2005 Annual General Meeting.

At 30 September 2006, Segue had approximately \$1.2 million in cash and cash equivalents.

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