



ASX Code: SEG

31 October 2014

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

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

### SEPTEMBER QUARTER HIGHLIGHTS

- Commencement of Major Exploration Initiative to test Key Targets at Plumridge Nickel Project
- First pass aircore drilling completed (48 holes for 2,162 metres) intersecting mafic intrusive rocks
- Maiden deep drilling programme commenced targeting bedrock EM conductors at E21 Target
- Multiple bedrock EM conductors identified at E21 and E28

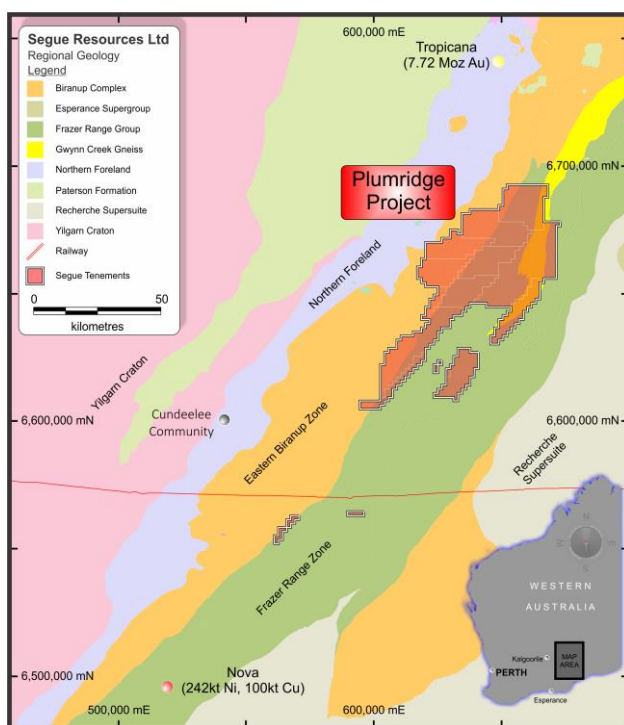


Figure 1: Plumridge Nickel Project Location Map

### Key Facts:

#### Segue Resources Limited

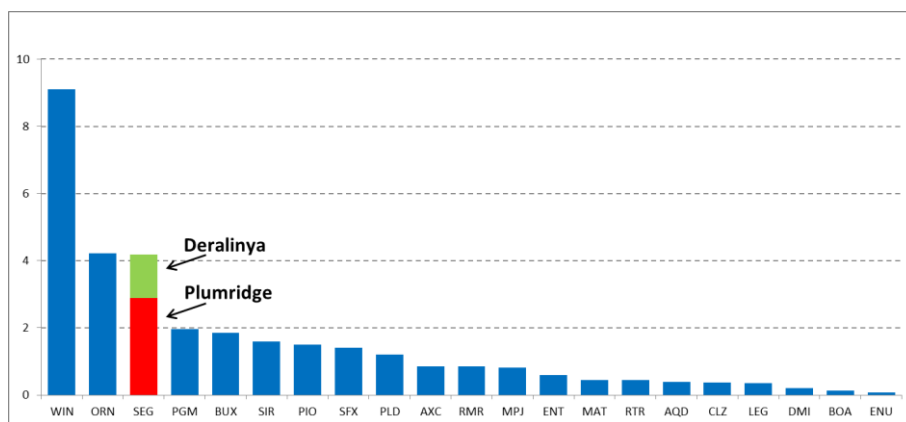
ASX Code:	SEG
Share price (29/10/14):	1.2¢
52 week range:	0.2¢-1.8¢
Shares on issue:	2,029m
Market cap.:	\$24m

#### Plumridge Nickel Project

Location:	Fraser Range, WA
Primary commodity:	Nickel-copper
Tenement holding	
- 100% interest	2,466km <sup>2</sup>
- 80% interest <sup>1</sup>	641km <sup>2</sup>
Total:	3,013km <sup>2</sup>

1. Segue earnings 80%, Fraser Range Metals Group 20%

During the September quarter, Segue Resources Limited (**Segue** or the **Company**) advanced its exploration activities at the Plumridge Nickel and Gold Project in the Fraser Range Province of Western Australia. Segue now controls ~3,000km<sup>2</sup> of contiguous granted exploration licences at the Plumridge Project and over 1,200km<sup>2</sup> of tenements at the Deralinya Project, making Segue one of the largest ASX-listed tenement holders in the region (**Figure 2**).



**Figure 2: ASX-listed Fraser Range Exploration Companies – Tenement Size ('000km<sup>2</sup>)**

### **Plumridge Nickel Project, Fraser Range Province, Western Australia**

Segue continued to explore, expand and consolidate its exploration tenement package at the Plumridge Project in the Fraser Range. Segue now controls 2,880km<sup>2</sup> of contiguous granted exploration licences at Plumridge, with nearly all the tenements owned 100%. Two tenements are subject to the Plumridge East JV (Segue earning 80%, Fraser Range Metals Group 20%).

#### ***Orientation Soil Survey***

During the quarter, an orientation soil survey was completed over the E21 Target to determine the potential to apply the technique as a regional exploration tool or as a screening tool over geophysical targets (**Figure 3**). The objective is to try and develop a productive exploration tool that will aid in the generation and prioritisation of targets. Segue is awaiting assay results for the 48 soil samples.



**Figure 3: Soil Sampling at E21 Target**

## Aircore Drilling Programme

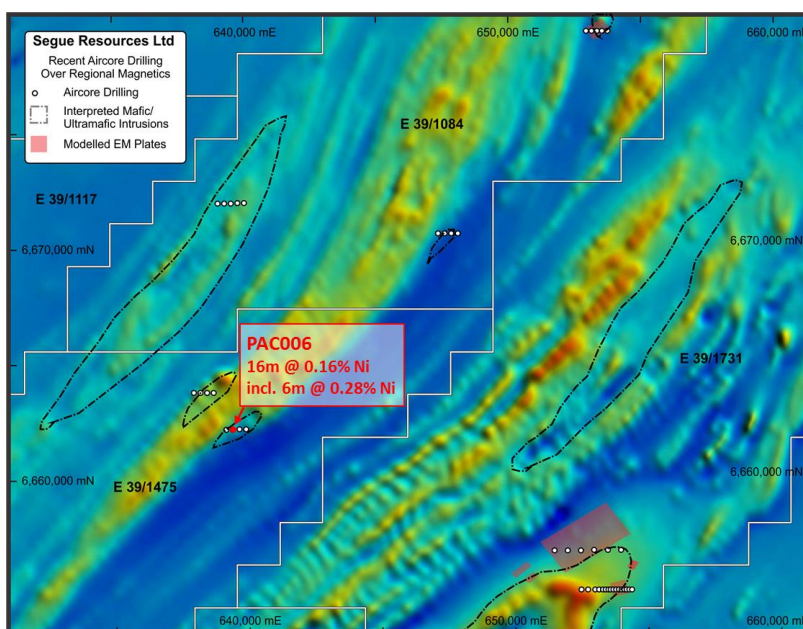
A 48 hole aircore drilling program (2,162 metres) was completed over seven targets at the Plumridge Nickel Project (**Figure 4**). The objective of the drilling was to collect geological and litho-geochemical data to provide an initial test of the target zones that had been identified in airborne magnetic and Ground Moving Loop EM (**MLEM**) data. Over 700 samples were sent to ALS Minerals in Perth for multi-element geochemical assaying.

The assay results included a maximum assay of 3,130ppm nickel (0.31% Ni), with associated elevated chromium, in PAC006 within a broader intersection of 16 metres at 0.16% Ni from 20 metres (including 6 metres at 0.28% Ni from 22 metres). The litho-geochemistry in PAC006 is indicative of a mafic-ultramafic rock that will now require follow up assessment. Significant results (above 0.1% Ni) are reported in Table 1.

**Table 1: Significant Drilling Results (using a 0.1% Ni cut-off)**

Hole ID	Easting	Northing	From (m)	To (m)	Width (m)	Ni (ppm)	Cu (ppm)	Co (ppm)	Cr (ppm)	Max Ni <sup>1</sup> (ppm)
PAC006	639449	6662003	20	36	16	1,623	37	158	4,063	3,130
		(including)	22	28	6	2,853	26	294	4,767	3,130

1. Maximum assay value over a 2m interval.



**Figure 4: Location of aircore drill collars over regional magnetics**

## E21 Target – Ground EM and Aeromagnetic Surveys

Segue is earning an 80% interest in two granted exploration licences (E39/1731 and E28/2317) totalling 641km<sup>2</sup> pursuant to the Plumridge East Joint Venture with Fraser Range Metals Group (**FRMG**). The Plumridge East JV tenements are adjacent to Segue’s existing Plumridge Project tenements and provide Segue with over 50km of east-west contiguous tenement coverage over the Fraser Complex.

E39/1731 contains a large magnetic anomaly (**E21 Target**) which covers approximately 25km<sup>2</sup> on the southern end of the tenement and is transected by the axis of the Fraser Range gravity high and major regional structures parallel, and in close proximity, to the Nova Structure (**Figure 5**). Further, E39/1731 is located within the eastern margin of the Fraser Complex, a terrain characterised by lower strain and is interpreted to be more amenable for the preservation of massive nickel sulphide ore bodies.



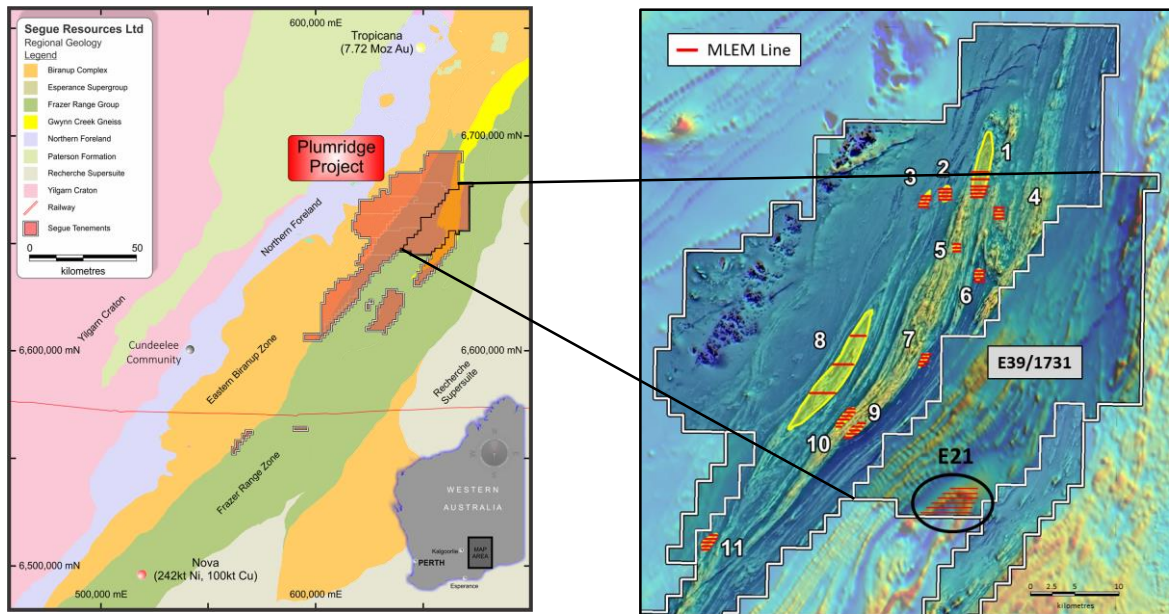


Figure 5: E21 Target Location Map

Segue completed a reconnaissance 800 metre line spaced MLEM survey over the E21 Target with five bedrock conductors identified (**Figure 6**). The five bedrock conductors were infilled with line spacing to 400 metres for greater definition. Following the infill MLEM survey, Segue completed Fixed Loop Electromagnetic (**FLEM**) surveys on conductors C1, C2, C3 and C4.

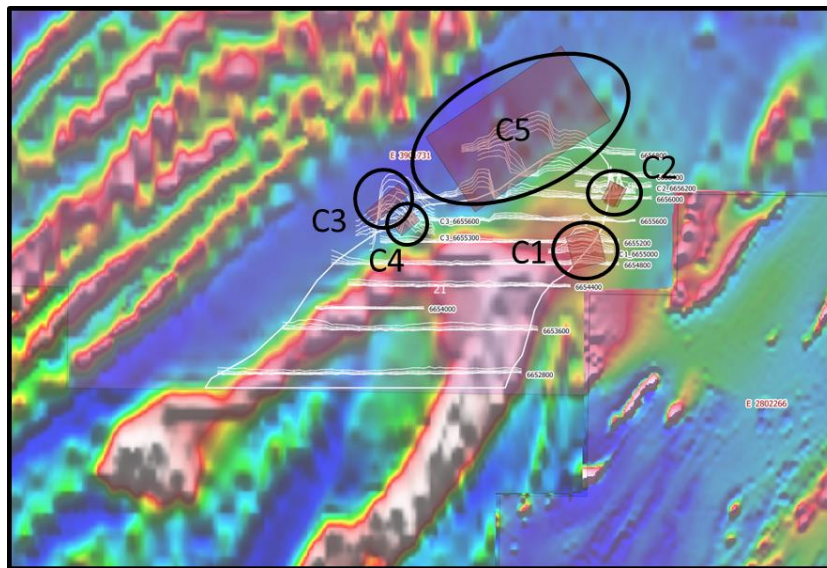


Figure 6: E21 interpreted intrusion. White profiles indicate the Z component B-Field response overlaid on the TMI RTP

The results of the FLEM survey included the identification and modelling of high-priority bedrock conductors along the margin of the interpreted intrusion. The four high-priority modelled conductors have limited strike lengths and as such are less likely to be stratigraphic units. A fifth strike extensive conductor is currently being interpreted as a stratigraphic (sediment) unit.

During the quarter Segue engaged Thomson Aviation to acquire high resolution (100m line spaced) aeromagnetic data on E39/1731 to bring the data asset of this block up to the same standard as the rest of the Plumridge Nickel portfolio. Data acquisition has occurred and the Company is awaiting completion of data processing.

Following processing of the aeromagnetic data on E39/1731, Segue will carry out its “stage-gate” exploration programme on any targets developed by Segue and Newexco. This process has proven highly successful in enabling Segue to undertake cost-effective exploration on its large Fraser Range exploration licence area.

### **E28 Target – Ground EM Survey**

The E28 Target (tenement E28/2266) is located to the immediate south east of the E21 Target and is covering a newly identified prospective magnetic feature. An MLEM survey has been completed with 381 stations over 36.3 line kilometres along 17 profiles (Figures 7a,b,c).

The survey has identified three discrete bedrock conductors that require additional evaluation. The most prospective target at this point is E28\_C1 that has been identified as a 1.2 kilometre long north plunging body. The other conductors (E28\_C2 and C3) need further assessment and detailed interpretation to determine their relationship to the interpreted geology.

The modelling of the conductor suggests that it reaches a near surface position in the south and plunges away to the north. RC drill testing of the near surface position is currently being planned and is, subject to permitting, likely to be completed as part of the next drilling programme at the Plumridge Nickel Project.

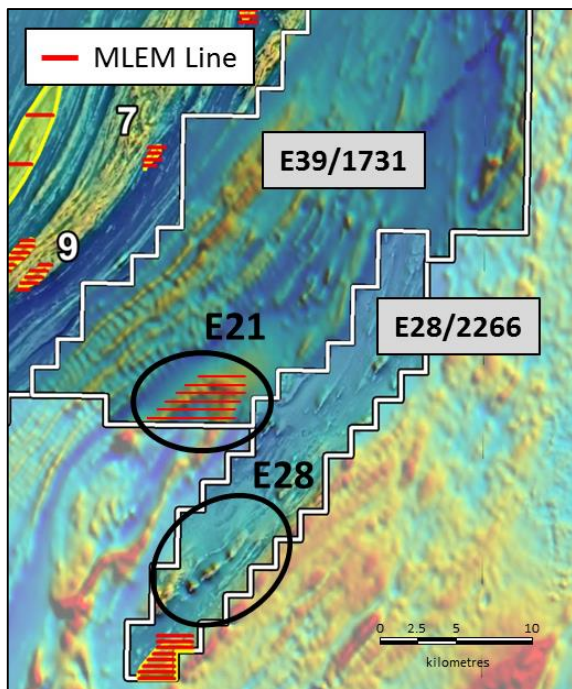


Figure 7a: E28 Target Location

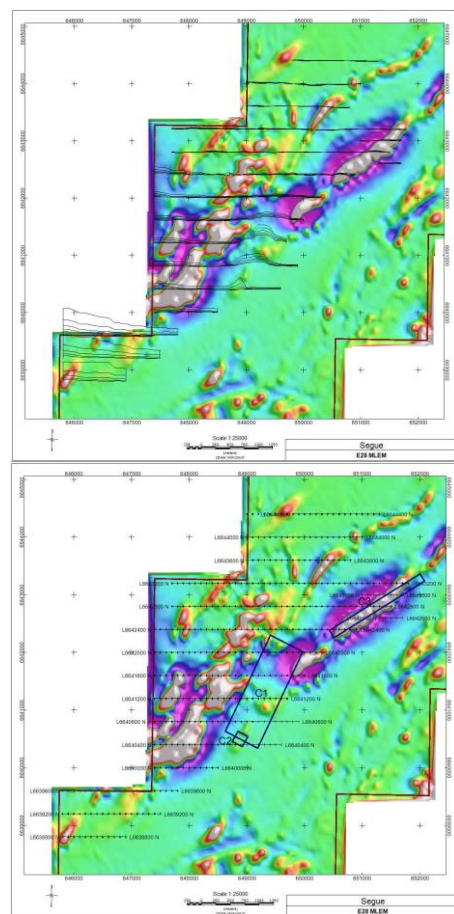


Figure 7b-c: E28 Target MLEM Survey Coverage and Conductor Location



## Maiden Deep Drilling Programme

Segue commenced its maiden diamond and reverse circulation (RC) drilling programme at the E21 Target during the quarter. The drill programme is designed to test the bedrock electromagnetic (EM) conductors located around the northern edge of an interpreted intrusive complex (Figure 8).

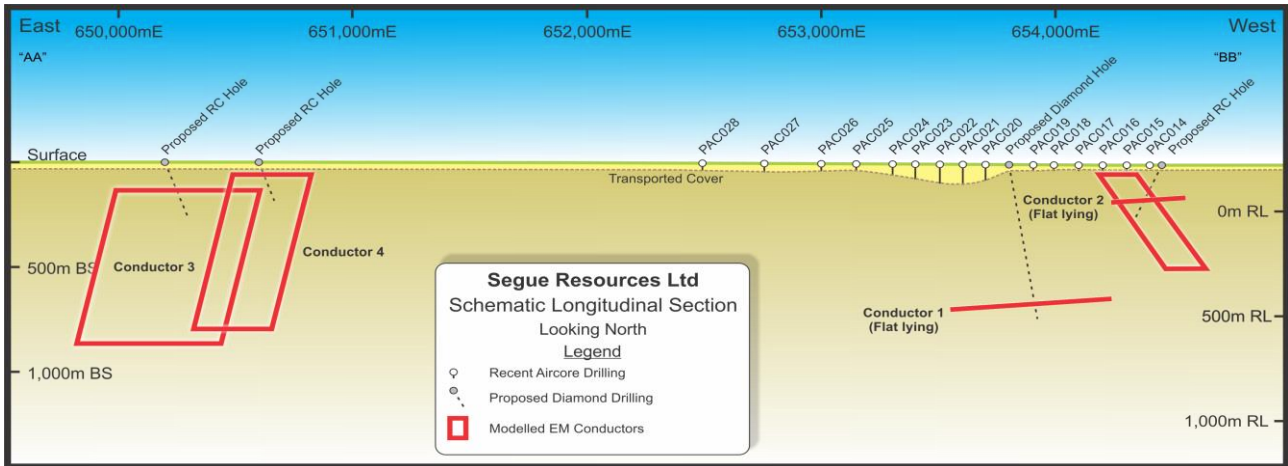


Figure 8: Long Section through E21 showing conductor plates and proposed drill holes

At the end of the quarter, the RC pre-collar was completed at C1 to approximately 350 metres and a diamond tail to the modelled conductor plate was underway. RC holes are planned to test the conductors at C2-C4 to target depths of 250-300 metres. The RC hole planned at C2 will test two interpreted conductor plate orientations. Following completion of the drill programme, a down-hole EM survey will be undertaken to provide a diagnostic test of the bedrock conductor.



Figure 9: RC drill rig over C1

## ***Completion of Plumridge Gold Acquisition***

In the June quarter, Segue announced it had signed definitive agreements with International Goldfields Limited (**IGS**) to acquire a 100% interest in four exploration tenements totalling 832km<sup>2</sup> which were previously subject to the Plumridge Joint Venture. Segue initially acquired a 65% interest in the four tenements for \$100,000 in cash and the issue of 50 million Segue shares. During the quarter, Segue acquired the remaining 35% interest in the four tenements (increasing its stake to 100%) by paying \$200,000 to IGS and granting a 1% net smelter royalty.

## **Corporate and Financial**

### ***Board Changes***

During the quarter, Dr Howard Carr and Mr Matthew Foy resigned from the Board (Mr Foy remains as Company Secretary). On 1 September 2014 Segue announced the appointment of Dr Frazer Tabcart as a Non-Executive Director of the Company. Dr Tabcart is a geologist with 25 years' global exploration and resource development experience. After graduating from the Royal School of Mines, London with a degree and PhD in mining geology, he emigrated to Australia and spent 16 years with the Exploration Division of WMC Resources Limited (**WMC**). Whilst with WMC Frazer spent six years living in Kalgoorlie exploring for nickel and gold in the Eastern Goldfields, followed by an extensive period in WMC's project generation team with a focus on global regional target identification and project generation for Ni-Cu and Cu-Au.

### ***Share Purchase Plan***

On 30 June 2014 the Company announced its intention to raise up to \$2.0 million via a second Share Purchase Plan (**SPP**) followed by a Share Sale Facility (**Share Sale**) for those shareholders who do not hold a "marketable parcel" of Segue shares. The SPP was priced at 0.8¢ per share and was not underwritten. The SPP closed heavily oversubscribed with applications for 369.25 million shares totalling \$3.0 million. The Company issued 250.0 million shares for \$2 million and refunded the balance of application funds to the SPP participants.

### ***Share Capital***

At the end of the quarter the Company had 2,003,112,749 ordinary shares on issue. The Company also had 11,800,000 options exercisable at \$0.051 on or before 8 November 2014; 25,000,000 options exercisable at \$0.01 on or before 18 February 2018 and 76,500,000 options exercisable at \$0.018 on or before 31 January 2016 outstanding.

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

### **Segue Resources Limited**

Mr Steven Michael

*Managing Director*

T: +61 8 9433 3733

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 Peter Langworthy who is a Member of The Australian Institute of Geoscientists. Mr Langworthy 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 Langworthy 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 – Aircore Drilling Details

Hole ID	Easting	Northing	RL (m)	BOTR (m)	Depth (m)	Lease ID
PAC001	633798	6630501	204	33	40	E28/2266
PAC002	634107	6630499	197	24	29	E28/2266
PAC003	634400	6630501	198	25	30	E28/2266
PAC004	634706	6630501	198	20	21	E28/2266
PAC005	639207	6662002	270	18	25	E28/1475
PAC006	639449	6662003	270	24	36	E28/1475
PAC007	639692	6661999	270	16	19	E28/1475
PAC008	639942	6661999	270	31	42	E28/1475
PAC009	638750	6663603	290	47	55	E28/1475
PAC010	638497	6663606	289	47	53	E28/1475
PAC011	638248	6663603	289	42	48	E28/1475
PAC012	638095	6663601	290	43	57	E28/1475
PAC013	654399	6655105	232	17	21	E39/1731
PAC014	654302	6655101	232	10	43	E39/1731
PAC015	654202	6655098	232	11	48	E39/1731
PAC016	654102	6655098	232	12	21	E39/1731
PAC017	653995	6655097	232	28	29	E39/1731
PAC018	653903	6655100	242	31	48	E39/1731
PAC019	653804	6655098	238	32	49	E39/1731
PAC020	653701	6655104	246	79	80	E39/1731
PAC021	653601	6655101	229	103	104	E39/1731
PAC022	653505	6655100	236	92	95	E39/1731
PAC023	653401	6655102	211	72	73	E39/1731
PAC024	653303	6655100	251	53	54	E39/1731
PAC025	653151	6655101	246	33	35	E39/1731
PAC026	653001	6655100	241	36	37	E39/1731
PAC027	652758	6655101	242	41	47	E39/1731
PAC028	652492	6655102	242	34	46	E39/1731
PAC029	653998	6656797	231	29	34	E39/1731
PAC030	653502	6656797	239	60	63	E39/1731
PAC031	653004	6656800	244	32	39	E39/1731
PAC032	652503	6656801	241	29	32	E39/1731
PAC033	651994	6656804	239	23	27	E39/1731
PAC034	651515	6656803	248	24	31	E39/1731
PAC035	653783	6679283	276	31	33	E39/1084
PAC036	653600	6679309	282	47	48	E39/1084
PAC037	653400	6679298	285	60	61	E39/1084



Hole ID	Easting	Northing	RL (m)	BOTR (m)	Depth (m)	Lease ID
PAC038	653208	6679253	287	38	43	E39/1084
PAC039	653010	6679306	290	27	31	E39/1084
PAC040	639000	6671980	287	30	40	E39/1084
PAC041	639238	6671983	290	32	45	E39/1084
PAC042	639502	6672010	286	34	48	E39/1084
PAC043	639767	6672014	290	39	58	E39/1084
PAC044	639996	6672005	290	39	62	E39/1084
PAC045	647311	6670498	262	26	50	E39/1084
PAC046	647549	6670498	261	22	36	E39/1084
PAC047	647801	6670500	265	20	32	E39/1084
PAC048	648051	6670501	266	32	63	E39/1084

1. All holes drilled vertically
2. All collar locations are based on GDA94/MGA Zone 51
3. BOTR = Bottom of Transported Regolith

## Appendix B – Schedule of Tenements as at 30 September 2014

Tenement ID	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
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### Plumridge Project

E28/1475 <sup>1</sup>	Granted	65%	65%	100%
E28/2266	Granted	100%	0%	100%
E28/2267	Granted	100%	0%	100%
E39/1084 <sup>1</sup>	Granted	65%	35%	100%
E39/1117 <sup>1</sup>	Granted	65%	35%	100%
E39/1118 <sup>1</sup>	Granted	65%	35%	100%
E39/1709	Granted	0%	100%	100%
E39/1710	Granted	100%	0%	100%

1. Segue acquired an initial 65% interest in the four tenements for \$100,000 in cash and the issue of 50 million Segue shares. During the quarter Segue acquired the remaining 35% (for a total of 100%) by the payment of \$200,000 to IGS.

### Plumridge East JV

E28/2317 <sup>2</sup>	Granted	0%	0%	0%
E39/1731 <sup>2</sup>	Granted	0%	0%	0%

2. Segue can earn an 80% interest in the Plumridge East JV by spending \$500,000 within two years of the date of agreement

### Plumridge Exploration Licence Applications

E28/2385	Pending	0%	0%	0%
E28/2387	Pending	0%	100%	100%
E28/2388	Pending	0%	100%	100%
E28/2390	Pending	0%	0%	0%
E28/2391	Pending	0%	100%	100%
E28/2392	Pending	0%	0%	0%
E28/2393	Pending	0%	0%	0%
E39/1830	Pending	0%	0%	0%

**Deralinya Project**

E63/1521	Granted	0%	100%	100%
E63/1522	Granted	0%	100%	100%
E63/1523	Granted	0%	100%	100%
E63/1524	Granted	0%	100%	100%

**Pardoo Project**

E45/1866	Granted	100%	100%	100%
E45/3383	Granted	100%	100%	100%
E45/4279	Pending	0%	-	-