



Report for Quarter Ended 30 June 2006

Highlights

- Continued exploration program at Coronet Hill Project during the June 2006 quarter.
- Agreement signed to farmout up to 51% of Coronet Hill Project for £2,000,000 over 4 years.
- \$2.1 million cash on hand at end of quarter.

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

This project 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 is currently being compiled into a database.

The Exploration Operations Management Plan and the Aboriginal Areas Protection Certificate were issued in the March 2006 quarter. Unfortunately, late seasonal rain delayed the commencement of field exploration activities until June.

In June, repairs were made to approximately 18km of access from Moline - Mt Davis to site. This track has been used for over 100 years and was in poor condition suffering multiple wash-outs.

In July, a soil sampling program was conducted on 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 have been submitted to Ultratrace laboratories in Perth for analysis via fusion bead/ XRF for tin and tungsten.

At the time of writing no results were available. It is expected that these results will lead to further soil sampling and, with assimilation of historical data, further assess the tenement with geochemistry, geophysics and drilling.

On 26 July 2006, Segue announced that it had entered into a farmin agreement with North River Resources Pty Ltd ("NRR") pursuant to which NRR will have the right to earn up to a 51% interest in EL 10004 through the expenditure of up to the AUD equivalent of £2,000,000.

The proposed farmin is conditional upon the Company obtaining all necessary shareholder approvals required under the ASX Listing Rules and North River Resources plc (the proposed parent company of NRR) raising £650,000 and having its securities admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM").

Under the farmin agreement, NRR may earn up to a 51% interest in EL 10004 in two tranches:

- Initially NRR must spend a minimum of the AUD equivalent of £500,000 within the first 2 years to earn a 20% interest. Of this amount NRR must expend a minimum of the AUD equivalent of £100,000 within 30 days of the completion under the farmin agreement on the current work program. At any time after payment of the £100,000, NRR may withdraw from the farmin agreement.
- NRR may increase its ownership of EL 10004 from 20% to 51% through the expenditure of a further AUD equivalent £1,500,000 within 4 years of the completion under the farmin agreement.

Segue will act as the manager of the joint venture until such time as NRR earns a 51% interest.

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

Mr Michael Cowin was appointed as the Exploration Manager for Segue in June 2006. Mr Cowin is an experienced geologist with 20 years experience in exploration and production projects in Australia and overseas.

Segue conducted its first Annual General Meeting on 23 June 2006. All resolutions put to the meeting were duly carried by a show of hands.

The Company has 10,512,350 fully paid ordinary shares on issue (including 6,314,063 shares escrowed between 12 to 24 months) and 8,714,810 options on issue (including 7,626,810 options escrowed between 12 to 24 months).

The following shares and options will be released from escrow on 24 August 2006:

- 4,708,750 fully paid ordinary shares;
- 1,740,000 options exercisable at \$0.50 on or before 30 June 2010;
- 5,468,750 options exercisable at \$0.25 on or before 30 June 2010; and
- 877, 813 fully paid ordinary shares that have been voluntarily escrowed since the date of listing.

At 30 June 2006, Segue had approximately \$2.1 million in cash and cash equivalents.

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