



Report for Quarter Ended 31 December 2005

Highlights

- **Segue Resources Ltd listed on the Australian Stock Exchange on 26 October 2005 after raising \$1.1 million and closing oversubscribed.**
- **Acquired Coronet Hill Project, in the Pine Creek Geosyncline of the Northern Territory from Arafura Resources NL.**
- **Commenced exploration program at Coronet Hill Project in November 2005.**
- **Tungsten price remains strong with plateau above US\$200 per metric tonne unit for both concentrates and Ammonium Paratungstate ("APT") over the past three months**
- **\$2.3 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.

After acquisition of tenement EL 10004 from Arafura Resources NL in late October 2005, work commenced on the Coronet Hill Project.

A site reconnaissance was carried out, data from previous explorers was compiled and three diamond drillholes were examined at the Northern Territory Geological Survey's (NTGS) core library. Further ground work was postponed until the 2006 dry season due to the early onset of the wet season and the lack of availability of experienced contract field crews.

The prospective ground was examined by foot and it was apparent that considerable mining activity had taken place on the Coronet Hill and Kelly lodes. The main lodes are easily followed on the ground as they occur along ridge crests. The outcropping lodes are gossanous and green in colour due to the presence of scorodite (arsenical mineral). Geochemical methods should work well in this area due to the poor soil development. However the deeply incised nature of the topography may cause problems with access and siting of drillholes.

The Coronet Hill area has been subject to extensive exploration since the 1960's. There is a lot of data available from the NT Mines Department and this is currently being compiled into a database. During research at the Mines Department it was found that there were three diamond drillholes from Coronet Hill stored in the NTGS core library. These drillholes were examined and an ultraviolet lamp was used to locate any Scheelite (CaWO₄) present in the core.

Scheelite is one of the main ore minerals of tungsten and it fluoresces blue under a UV light. Two zones of Scheelite were found but they were not of an economic width. The presence of Scheelite is encouraging and indicates that tungsten mineralisation is present in the lode system.

Much of the previous exploration in the area has been for base metals and gold. The area has not been subject to detailed exploration for tungsten and tin. Details of the previous results for tungsten were given in the prospectus. Given the recent spectacular rise in base and precious metal values it is interesting to note that high grade results for copper, lead and silver have been obtained in the area by underground sampling and drilling.

The Bureau of Mineral Resources sampled the old mine openings and ore dumps in 1961. Some of the assays from this work are given below:

South Extended shaft dump	sulphide	7.4%Cu	0.4%Pb	257g/tAg
No.1 Adit dump	sulphide	0.3%Cu	1.6%Pb	309g/tAg
No. 1 Adit - ore	sulphide	16.4%Cu	-	4g/tAg
No. 2 Adit - ore	oxidised	3.8%Cu	-	831g/tAg
No. 2 Adit - ore	ox/sulphide	7.3%Cu	4.1%Pb	428g/tAg
No. 2 Adit - ore	ox/sulphide	9.7%Cu	1.2%Pb	390g/tAg
No. 2 Adit - ore	oxidised	4.2%Cu	4.2%Pb	982g/tAg
South Shaft dump	sulphide	13.2%Cu	17.0%Pb	1126g/tAg

The very high silver values of greater than 30oz/t from the No.2 Adit and the South Shaft are of interest. It should be noted that the area was initially mined for silver in the 1880's.

Troy Resources NL drilled 18 RC percussion drillholes in the project area during 1990. Only one of these drillholes intersected significant mineralisation. This hole was located close to the South Extended shaft and the following intersection was made:

MRRC 16 26 - 29 m 3 m @ 4.5%Cu, 0.8%Pb, 272g/tAg

Aztec Mining drilled five diamond holes in the area in 1991 and 1992. Significant intersections from these holes are shown below.

CH 2 264 - 266 m 2 m @ 1.8%Cu, 0.2%Pb, 33g/tAg
 CDH 5 268.5-269.5m 1 m @ 0.2%Cu, 1.1%Pb, 105g/t Ag

Further compilation of previous exploration results will be carried out in the March Quarter. Planning for the 2006 field programme will continue.

The information in this report relating to exploration results is based on information compiled by Mr J F Fabray of J Fabray and Associates, who is a Member of the AusIMM. Mr Fabray 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".

Tungsten Market

The market for tungsten concentrates and Ammonium Paratungstate ("APT") remains extremely strong and the long term outlook is excellent.

Industry reports have confirmed that exports from China are declining and that new production is required to meet increases in demand.

During the past three months the price has stabilised above US\$200 per metric tonne unit ("mtu") of WO₃ (A\$26,500 per tonne) with the Metal Pages reporting current levels of over US\$220 per mtu for concentrates and US\$260 per mtu for APT.

Corporate

The Company successfully listed on the ASX on 26 October 2005, after raising \$1.1 million from the IPO and closing oversubscribed. Prior to the IPO, the Company had raised \$1.4 million from sophisticated and professional investors.

After listing, shares in the Company immediately traded at a premium to the IPO price of \$0.50 per share. At 31 December 2005 the share price was \$0.65 per share.

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).

At 31 December 2005, the Company has approximately \$2.3 million in cash to fund its future exploration program.

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